



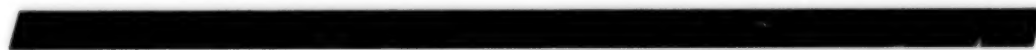
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CENTRAL EURASIA



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Former KGB Officer Describes Activities Abroad

944F0230A Moscow NEZAVISIMAYA GAZETA
in Russian 11 Dec 93 p 6

[Interview with V.N. Kozhemyakin by Pavel Koltsov; place and date not given: "The Intelligence Officer Who Returned to the Cold: He Does Not Promise To Swell the Ranks of the Righteous and Miracle-Workers"]

[Text] On 20 December 1990—Chekist Day—a minister-counselor of the Embassy of the USSR in Stockholm was summoned to the office of the chief of the Protocol Department of the Swedish Foreign Ministry. He was notified that Vladimir Kozhemyakin, third secretary of the embassy, had to leave the kingdom "for activity incompatible with his diplomatic status." That evening Lieutenant Colonel Kozhemyakin was returning to 31 Jorvelsgaten Street, to the Soviet Embassy, from a routine operation ("a meeting in the city"), still unaware that his mission in Sweden was over. This had been preceded neither by a foulup in work nor negligence, even. The chance of an intelligence professional being deported from a country always increases if he is an active worker. An analysis of the Center showed that Kozhemyakin's deportation was also in fact a "preventive action" of the SEPO Swedish counterintelligence. When, that inclement day around Christmas, the five-deck ferry *Ilich*, sounding its horn in the fog, approached the Leningrad moorings, Lieutenant Colonel V.N. Kozhemyakin (a native of Moscow, born in 1956, career officer of the KGB First Main Administration, member of the CPSU, married with two sons, from a serviceman's family) was in a state in which, in everyday language, his heart was not where it should be. For he had after long soul-searching adopted the firm decision to quit intelligence without waiting for a new assignment. He had written in his report that he had serious reasons for leaving the profession and testing his mettle in another field. In February 1991 V.N. Kozhemyakin, political adviser, showed up in the administrative system of the Supreme Soviet of Russia. The operations officer had become a desk analyst. Today Vladimir Kozhemyakin stands at No. 11 on the electoral slate of the PRES (Party of Russian Unity and Accord) and is running for the State Duma in Moscow's Tsentralnyy District 202.

[Koltsov] You are a retired intelligence officer and fledgling politician. Do you feel yourself to be in the right place?

[Kozhemyakin] I would not say that I have become a real politician. I will say only that the world of politics is tougher than that of intelligence.

[Koltsov] When you handed in your discharge application, did the KGB turn its back on you?

[Kozhemyakin] Far from all my colleagues in the First Main Administration approved of my decision. But nor did anyone try to throw a wrench in the works. I have kept up friendly relations with many of my fellow employees. We hoist a glass on Chekist Day.

[Koltsov] The opinion has often been expressed that the KGB was called upon to defend the safe transformation of Soviet society ("perestroika"), but failed to cope with this assignment. It is said that the KGB was inefficient, and reference is made to amateurish miscalculations in the performance of operations, in Vilnius, for example. What do you think about this?

[Kozhemyakin] Truly, the KGB, as the powerful custodian of state interests, not only the untroubled dominion of the nomenklatura, was required to make smooth the risk-fraught maneuver from totalitarianism to an open society. And many people in the committee understood this. But there were in the leadership people who were living in the past. And if the authorities had to oppose nationalism and centrifugal forces, they should not have done so as ineptly as in Vilnius in January 1991, when, in addition, there was no one willing to assume responsibility for the mess.

[Koltsov] When television is now showing old American movies about Soviet agents operating in the West, where they are portrayed as half-wits and criminals, what are your feelings? It is doubtful whether even the intelligent "Dead Season" has been shown on American television. Or is this self-flagellation also part of the course of "repentance" following totalitarianism?

[Kozhemyakin] Even the penitent should show moderation. But on a broader plane I will answer with lines from our party program: "Russian culture cannot develop without extensive contacts with world culture, of which it is a part. But international terrorism in the sphere of culture supported by the mass media should be rebuffed at the level of official cultural policy. Limits on the permissible amount of television time used for showing foreign mass-culture programs should be established, at the 30 percent level."

[Koltsov] Many foreign intelligence people have become defectors. And on almost every occasion this has coincided with the recall home of an agent at the end of an assignment or mistakes in his work. Does this not point to a dual mentality, when a person secretly identifies with the value system against which he is working? Or is there a more prosaic explanation?

[Kozhemyakin] A traitor is a traitor. The not-known Gordiyevskiy, incidentally, was one of my first instructors in the First Main Administration. Intelligent, urbane.... But an alien soul—darkness. I believe that there were various motives behind his switch to the side of the enemy: self-interest, some scores with the authorities, unpleasantness at work, even. "Dostoyevskiyism" is not to be sought in such characters. In any event, in switching to the "other" side you give away your comrades and those who placed their trust in you.

[Koltsov] You are on the slate of the PRES, the party of new state absolutists. Someone said that the PRES had jumped like the devil out of the snuff box, having performed some political somersault. People who died for the sake of democracy, the sovereignties, and the

overthrow of the "imperial" paradigms made a complete about-face, becoming state absolutists, federalists, and geopoliticians....

[Kozhemyakin] I shall cite the eternal rightness of the well-known idea of self-determination in politics: Whoever in his youth was not a radical has no heart, whoever by his mature years has not become a conservative has no brain. The PRES appeared in the political arena not in connection with a particular occasion—the Duma elections. Had there not been elections tomorrow, this conservative and constructive current among democrats would have detached itself and presented a program of new federalism all the same. In my view, the PRES embodies a coming of age in Russian politics.

[Koltsov] If you had to confess, what sins in the field of intelligence and politics would you acknowledge?

[Kozhemyakin] Like all Soviet employees, I am guilty of the sin of padding. I would have recourse in my reports from Stockholm to the Center to the following subterfuge. By the method of analysis of information flows I would extract valuable and reliable information and attribute it to a specific "source," that is, a foreigner who was being cultivated. I am sure that this is a sin of all the world's intelligence services, for that matter. And I have not yet amassed any mortal sins in politics on account of the brevity of my length of service.

[Koltsov] The West is dismayed at how far the democrats in Moscow have gone in defending their policy against malcontents. In turn, there are hardly any people left here who ardently believe that the establishment of representative democracy in Russia is a sacred goal of the West. Does it not seem to you that we were all of a far

more "pro-West" frame of mind in the so-called stagnation years than today, when Moscow and Washington are on intimate terms with one another? I refer not to politicians, but to the mood among the people....

[Kozhemyakin] There is no denying it: I myself am less of a "pro-West" frame of mind than when I worked in Stockholm. We are certainly over the period of euphoria at the surmounting of the confrontation with the Western world. There is coming to be an understanding that both the fate and interests of each are unique, although there are many common nonmaterial values. Henceforward, I am not wrong here, I believe: If we are of a pro-Russia frame of mind, we will be more quickly understood.

[Koltsov] To what did the president refer, in your view, when he told Ryazanov that at the time of the events of 3-4 October the Ministry of Security occupied a position of noninterference and was "protecting itself"?

[Kozhemyakin] It would have been far worse and more dangerous had the Ministry of Security displayed undue zeal those days in October. Consequently, democratic instincts are taking hold in our society. It is a bad omen for a normal society when the special services acquire a taste for participation in domestic political opposition.

[Koltsov] All parliamentary candidates say that they will do good things for the electorate if they obtain a mandate. But to put the issue the other way about: What would you, as a deputy, not do under any circumstances?

[Kozhemyakin] I would not promise prosperity in one constituency by itself and I would not swear that the voucher is a particularly valuable piece of paper and that I would in parliament swell the ranks of the righteous and the miracle-workers.

CIS Economic Statistics for January-October 1993

944E0324A Moscow DELOVOY MIR in Russian No 247, 6-12 Dec 93 p 18

[Report by the Statistics Committee of the Commonwealth of Independent States: "The Economy of the Commonwealth of Independent States in January-October 1993"]

[Text] Changes in values of main socioeconomic indicators of the Commonwealth countries over January-October of the current year as compared with the analogous period of last year are characterized by the following:

	January-October 1993 as a Percentage of January-October 1992					
	Net Material Product (in comparable prices)	Total Volume of Industrial Production (in comparable prices)	Index of Wholesale Prices of Industrial Enterprises	Monetary Income of the Population	Monetary Expenditures of the Population on Goods and Services	Retail Turnover (in comparable prices)
Azerbaijan	85.9	89.1	1,173	965.1	557.8	52.2
Armenia	72.8	62.0	827	855.9	458.2	57.9
Belarus	90.0	87.1	1,808	1,233.7	1,123.4	94.7
Kazakhstan	82.8	86.6	1,446	1,056	849.0	85.1
Kyrgyzstan	85.6	73.5	900	686.3	547.6	78.8
Moldova	93.9	106.7	1,054	845.8	747.2	73.8
Russia	86.0	83.6	988	1,095.8	1,042.6	101.9
Tajikistan	...	75.6	1,096	...	...	69.4
Turkmenistan	...	112.9	1,656	1,654.8	1,166.2	107.3
Uzbekistan	100.8	103.1	1,227	1,236.6	968.0	120.0
Ukraine ¹	88	92	...	...	...	78
Total CIS	87.0	85.2	1,082	1,101.7	1,020.2	95.2

¹ Here and elsewhere—data from estimated and bilateral information exchange

The volume of Commonwealth countries' exports to foreign countries outside of the territory of the former USSR over 10 months amounted to \$37.6 billion in current prices, which is 5 percent less than over the same period last year. The volume of imports fell off by 47 percent in current prices and amounted to \$19.8 billion. The positive foreign trade balance of the Commonwealth countries as a whole increased from \$2.6 billion in January-October 1992 to \$17.8 billion over the corresponding period of 1993.

The main foreign trade partners of almost all Commonwealth countries are the European Union countries, the United States, China, and Japan, which account for 60 percent of all export-import operations.

The most important commodities which form the bulk of the countries' exports (more than 80 percent of exports) remain mineral products (crude oil, products of

oil refining, natural gas), machine building (electric machinery and means of transportation) and chemical industry (mineral or chemical fertilizer) products, non-precious metals (nonferrous metals and items made of them), as well as textile and textile items (cotton fiber). Prevalent among imports are machine building products, products of plant origin, ready-to-use food products, and the chemical industry output; these commodity groups account for 70 percent of imports.

As of 1 November of this year, employment services of the Commonwealth countries had 1.5 unemployed persons looking for work registered with them. The number of job vacancies reported by enterprises to the employment service amounted to 800,000. The correlation between supply and demand in the labor market in the Commonwealth countries changed in October as compared with the beginning of the year as follows (in thousands of persons):

	Total Number of Unemployed		Of That, Those Granted the Status of Unemployed		Enterprises' Labor Needs Reported to Employment Services	
	January	October	January	October	January	October
Azerbaijan	35.0	43.9	6.9	18.8	10.4	11.8
Armenia	67.8	105.7	61.8	98.6	0.9	5.4
Belarus	31.4	65.8	31.4	65.8	20.6	20.0
Kazakhstan	...	...	35.6	39.1	43.4	6.5
Kyrgyzstan	6.0	8.0	1.9	3.2	4.4	4.4
Moldova	19.7	13.8	14.2	10.8	1.1	0.8
Russia	1,028.8	994.2	628.0	728.4	301.1	453.0
Tajikistan	31.0	108.4	8.6	18.0	1.0	18.9
Uzbekistan	23.9	31.3	10.8	14.1	22.0	32.2
Ukraine	143.7	128.8 ¹	73.2	78.7 ¹	126.6	184.4 ¹

¹ September

On the average in the Commonwealth, 70 percent of nonworking persons had the status of unemployed; of them, in Azerbaijan 73 percent, Armenia—93 percent, Belarus—100 percent, Kyrgyzstan—40 percent, Moldova—78 percent, Russia—73 percent, Tajikistan—17 percent, and Uzbekistan—45 percent.

There were 3.7 nonworking persons per job vacancy in Azerbaijan as compared with 3.4 in January; in Armenia, respectively, 19.7 and 74.6; Belarus—3.3 and 1.5; Kyrgyzstan—1.8 and 1.3; Moldova—18.3 and 18.5; Russia—2.2 and 3.4; Tajikistan—5.7 and 32.6; and Uzbekistan—1.0 and 1.1.

Of persons with the status of unemployed, 57 percent received unemployment benefits.

Industry

As compared with the corresponding month of last year, the total volume of industrial production in the Commonwealth in October fell off by 13.9 percent in comparable prices. The average daily output in October declined as compared with October of last year by 11.8 percent; as compared with

September of this year (eliminating seasonal fluctuations in production), it increased by 1 percent.

Overall, over January-October the total volume of industrial production was 14.8 percent lower than that over January-October of 1992, and the average daily output—13.9 percent lower (there were fewer working days this year than last). As compared with January-October of 1991, the industrial output declined by 30 percent.

Production of consumer goods in sale prices on average in the Commonwealth declined by 9 percent as compared with January-October of last year. The output of foodstuffs declined by 11 percent, alcoholic beverages—by 2 percent, and nonfood items—by 9 percent, including light industry output by 14 percent, and cultural and household goods by 6 percent. Food products account for 46 percent of the total volume of consumer goods production, nonfood items—48 percent, and alcoholic beverages—about 6 percent.

Changes in the production of consumer goods over January-October 1993 as compared with the level of the corresponding period of 1992 in the Commonwealth countries are characterized by the following data (in percents):

	Consumer Goods	Including:		Of Them	
		Foodstuffs	Nonfood Items	Light Industry Goods	Cultural, Personal, and Household Items
Azerbaijan	89	92	96	92	99
Armenia	72	53	78	78	77
Belarus	97	92	100.1	98	102
Kazakhstan	88	85	92	93	91
Kyrgyzstan	79	75	86	93	77
Moldova	86	85	99.8	100.8	99
Russia	89	89	89	79	93
Tajikistan	88	92	86	87	82
Turkmenistan	105	103	108	114	81
Uzbekistan	112	107	117	116	121
Ukraine (January-September)	80	78	81	77	84

As compared with January-October 1991, the output of consumer goods on average in the Commonwealth declined by 25 percent, including in Russia—by 26 percent; in Kazakhstan, Tajikistan, and Moldova—by 32-35 percent; Kyrgyzstan—by 47 percent; and Armenia—by two-thirds.

The output of foodstuffs has declined. Industrial production of meat in Kazakhstan and Uzbekistan was lower than over January-October of 1992 by 8 percent; in Belarus and Russia—by 16 percent; and in Moldova—by 37 percent. The output of whole milk products in Russia declined by 17 percent, Kazakhstan—by 36 percent, and Kyrgyzstan—by 41 percent. The output of vegetable oil, commercial edible fish products, flour, macaroni items, and cereals has declined in most Commonwealth countries.

Production of the main varieties of light industry products has declined. On average in the Commonwealth as compared with January-October of last year, the output of all varieties of fabrics fell off by 26 percent, and footwear—by 25 percent. In Russia, the output of fabrics fell off by 32 percent; the output of footwear declined in Russia, Kazakhstan, and Kyrgyzstan by 30-33 percent.

The output of certain categories of complex home appliances increased somewhat in a number of states. Production of television sets, refrigerators, and freezers in Russia increased by 11 percent as compared with the level of last year's January-October. The output of washing machines in Uzbekistan and Belarus increased by 14-15 percent, and in Moldova—by 26 percent. Kazakhstan produced 17 percent more tape recorders, and Moldova—13 percent more refrigerators and freezers. At the same time, production of some categories of these items declined as compared with January-October 1992: The output of tape recorders in Russia declined by 16 percent and of radio receivers by 28 percent; in Belarus, the output of tape recorders declined by 33 percent and television sets—by 24 percent; and in Kazakhstan, that of washing machines by 24 percent.

Electric power generation in January-October across the Commonwealth declined by 6 percent as compared with the corresponding period of 1992, including in Armenia—by 31 percent, in Belarus and Kyrgyzstan—by 10 percent, and in Turkmenistan—by 8 percent.

Coal production over 10 months declined in Russia by 10 percent, and in Kazakhstan—by 11 percent, including that of coking coal—by 14 percent and 11 percent. Gas production in Russia was 4 percent below that of the

corresponding period of last year, while this figure rose 4 percent in Uzbekistan and 18 percent in Turkmenistan. As compared with January-October of 1992, the output of oil in the Commonwealth has declined, including in Russia by 13 percent, in Kazakhstan by 10 percent, and in Turkmenistan by 14 percent. The decrease in production of oil led to reduced volumes being refined and reduced output of basic petroleum products. On the average across the Commonwealth, primary refining of oil decreased by 16 percent, the output of automotive gasoline by 15 percent, diesel fuel by 16 percent, and furnace fuel oil by 14 percent. In Belarus the output of automotive gasoline declined by 33 percent, diesel fuel by 34 percent, and furnace fuel oil by 38 percent; in Turkmenistan, these indices were 23 percent, 31 percent, and 33 percent, respectively. Production of the main categories of petroleum products in Uzbekistan increased as compared with last year's levels.

The output of finished rolled ferrous metals decreased by 7 percent as compared with January-October of last year. The decline in the total volume of production in machine building has not been halted. Output of metal-cutting machine tools in Kazakhstan fell off by 25 percent, in Russia by 18 percent, and in Belarus by 14 percent; of drop forges by 19 percent, 55 percent, and 68 percent, respectively. Production output of tractors in Russia declined by 25 percent, in Uzbekistan by 36 percent, and in Kazakhstan by 59 percent.

The lag in production of chemical products continues. Output of mineral fertilizer declined over 10 months in Russia by 21 percent, Belarus by 34 percent, and Kazakhstan by 68 percent. There was a 25-percent decline in production of chemical thread and fibers in Russia as compared with January-October of last year; the output of calcinated soda declined by 24 percent, and of caustic soda—by 22 percent. In Belarus the output of chemical thread and fibers declined by 22 percent, and of synthetic resins and plastics—by 23 percent. Production of construction materials has declined. For instance, the output of cement on the average across the Commonwealth—and in Russia—declined by 20 percent; in Kazakhstan and Kyrgyzstan—by 35-39 percent; and in Tajikistan—by half.

Agriculture

In a number of Commonwealth countries grain crops remained unharvested on a considerable area; part of the potato and vegetable crops also perished, which may be seen from the following data for the Commonwealth on the whole (in millions of hectares):

	Area Sown (Planted) With 1993 Crops	Harvested (Threshed) as of 1 November 1993	Unharvested Area, thousands of hectares
Grain crops (without corn)	93.2	89.1	3,756
Sunflower	4.4	3.6	762
Sugar beet (industrial)	2.9	2.8	156
Potatoes	1.3	1.2	118
Vegetables	0.7	0.5	116

In Russia, more than 3 million hectares of grain crops remained unharvested (81 percent of the total unharvested grain crops area in the Commonwealth countries), as well as 621,000 hectares of sunflower (81 percent), 66,000 hectares of sugar beet (42 percent), 78,000 hectares of potatoes (66 percent), and 42,000 hectares of vegetables (36 percent). By 1 November, considerable acreage of grain crops and sunflowers remained unharvested in Kazakhstan—410,000 and 86,000 hectares, respectively; and in Ukraine—176,000 and 43,000 hectares.

Overall across the Commonwealth, the total yield of grain from the threshed area (in initial book weight) amounted to 174.3 million tonnes (not counting corn), which is 12.6 million tonnes less (by 7 percent) than of the same date in 1992. The average yield of grain per

hectare of threshed area amounted to 19.6 quintals as compared with 20.2 quintals in 1992.

By the middle of November, 50.2 million tonnes of grain had been delivered to grain procurement facilities (99 percent of last year's level). As compared with 1992, grain procurement increased in all Commonwealth states except Kazakhstan and Armenia. In Russia, 26 million tonnes of grain had been procured (8 percent more than in 1992); in Ukraine—14 million tonnes (28 percent) more; and in Belarus—1.7 million tonnes (4 percent) more. Grain procurement in Kazakhstan amounted to 6 million tonnes (49 percent of last year's level).

Below are data on procurement of other agricultural crops in the Commonwealth states as of 22 November (in millions of tonnes):

	1992	1993	1993 as a Percentage of 1992
Sugar beet (industrial)	39.0	39.0	99.9
Raw cotton (total)	6.01	6.33	105
including fine-fiber variety	0.46	0.35	77
Potatoes	4.2	2.8	66
Vegetables	5.3	5.6	106

In the total volume of sugar beet procurement, root-crops purchased from Ukrainian farms account for 76 percent, and from Russian farms—19 percent.

Procurement of raw cotton from main cotton-growing regions is characterized by the following data (in thousands of tonnes):

	1992	1993	1993 as a Percentage of 1992
Azerbaijan	335	282	84
Tajikistan	300	498	166
Turkmenistan	1,283	1,339	104
Uzbekistan	4,042	4,175	103

In most Commonwealth states the winter crops sowing for the 1994 harvest and fall plowing has decreased as compared with 1992. By the beginning of November throughout the Commonwealth states winter crops at the farms were sown on the area of 28.3 million hectares, which is 3.9 million hectares, or 12 percent less, than as

of this date in 1992. Fall plowing has been completed on the area of 60.6 million hectares, which is less than last year by 7.2 million hectares, or 11 percent.

Winter crops sowing and fall plowing in the Commonwealth states as of 1 November are characterized by the following data (in thousands of hectares):

	Winter Crops Sown			Fall Plowing Completed		
	1992	1993	1993 as a Percentage of 1992	1992	1993	1993 as a Percentage of 1992
Azerbaijan (as of 25 October)	449	425	95	...	...	...
Belarus	1,344	1,206	90	1,811	1,427	79
Kazakhstan	2,042	1,612	79	9,949	10,180	102
Kyrgyzstan	246	208	85	139	79	57
Moldova (as of 25 October)	317	335	105	450	275	61
Russia	19,031	15,093	79	44,396	38,909	88
Tajikistan (as of 25 October)	47	25	53	16	10	62
Turkmenistan	270	373	138	240	70	29
Uzbekistan	392	564	144	272	382	140
Ukraine	8,000	8,500	105	10,500	9,200	87

The volume of output of animal husbandry products at agricultural enterprises of the Commonwealth states is declining. At the same time, as compared with last year, the rate of production decline slowed down somewhat. For instance, while over January-October of 1992 production of meat had fallen off by 22 percent as compared with the analogous period of the preceding year, that of milk—by 19 percent, and that of eggs—by 16 percent, over January-October of this year as compared with 1992 these indices measured at, respectively, 15 percent, 8 percent, and 10 percent.

Overall over the elapsed 10 months in the Commonwealth as a whole, agricultural enterprises produced 9.8 million tonnes of meat (in live weight), 45.9 million tonnes of milk, and 33.8 billion units of eggs. This is less than the volume produced over the analogous period of 1992: meat—by 1.8 million tonnes (by 15 percent); milk—by 4 million tonnes (by 8 percent); and eggs—by 3.9 billion units (by 10 percent).

The volume of animal husbandry products output at agricultural enterprises in the Commonwealth states over January-October has changed as follows (in thousands of tonnes):

	Meat (in Live Weight)		Milk		Eggs (million units)	
	1992	1993	1992	1993	1992	1993
Azerbaijan	64	44	200	144	223	101
Armenia ¹	10	2	12	5	76	9
Belarus	974	852	3,613	3,234	1,698	1,721
Kazakhstan (January-September)	837	800	2,277	2,213	1,680	1,513
Kyrgyzstan: all categories of farms	310	296	818	772	501	336
including agricultural enterprises	107	82	321	253	270	132
Moldova	150	108	627	441	378	211
Russia	6,293	5,436	29,076	27,071	26,002	24,095
Tajikistan	40	30	170	107	218	97
Turkmenistan	63	75	182	187	146	116
Uzbekistan	202	187	807	809	815	669
Ukraine	2,811	2,100	12,688	11,400	6,163	5,100

¹ Without peasant (private) farms, which account for more than 90 percent of the total volume of agricultural production

Overall in the Commonwealth in January-October of the current year, the state has purchased fewer products from all categories of farms than over the same period in 1992: livestock and poultry (in live weight)—by 1.8 million tonnes (by 17 percent); milk—by 3.4 million tonnes (by 8 percent); and eggs—by 1 billion units (by 3 percent).

Construction

In the 10 months of the current year, state enterprises and organizations across the Commonwealth completed the

construction of about 20 million square meters of housing, which amounts to 90 percent of that over the corresponding period of last year, as well as general education schools for 374,400 pupil accommodations (98 percent), preschool facilities for 59,400 accommodations (66 percent), hospitals with 12,100 beds (128 percent), and outpatient facilities for 31,500 visits per shift (91 percent). Completion of construction projects in the social sphere by state enterprises and organizations in the Commonwealth states in January-October 1993 is characterized by the following data:

	Residential Housing, Thousand Square Meters of Total Area	General Education Schools, Pupil Accommodations	Preschool Facilities, Accommodations	Hospitals, Beds	Outpatient Facilities, Visits Per Shift
Azerbaijan	448.0	9,800	1,660	475	1,940
Armenia	137.4	7,105	690	-	-
Belarus	1,381.9	17,744	4,700	580	2,805
Kazakhstan	1,657.3	14,451	4,170	387	1,000
Kyrgyzstan	50.8	6,027	280	110	-
Moldova (January- September)	120.2	1,198	720	-	200
Russia	10,763.6	148,766	22,256	5,446	15,819
Tajikistan	106.2	8,714	560	724	280
Turkmenistan	347.3	25,759	3,755	862	380
Uzbekistan	708.1	73,875	8,655	2,238	5,112
Ukraine	4,120.0	61,000	12,000	1,300	4,000

Transportation

In January-October, 1.9408 billion tonnes of freight (102 percent of the railroads' target volume) have been carried (accepted) by the public rail network in the Commonwealth countries.

As compared with January-October of last year, freight shipping volume fell off in all Commonwealth states. The volume of bituminous coal shipments by rail transport has declined: in Belarus by 31.4 percent, in Kazakhstan by 13.2 percent, in Moldova by 71.4 percent, in Russia by 12.6 percent, and in Uzbekistan by 28 percent; of coking coal: in Belarus by 5.9 percent, in Kazakhstan by 31.6 percent, and in Russia by 16.4 percent; of oil and petroleum products: in Belarus by 34.2 percent, in Kazakhstan by 27.3 percent, in Moldova by 47.9 percent, and in Russia by 10.3 percent; of iron and manganese ore: in Kazakhstan by 20.8 percent, and in Russia by 9.3 percent; of ferrous metals: in Belarus by 20.3 percent, in Kazakhstan by 14.7 percent, in Russia

by 8.4 percent, and in Uzbekistan by 4.4 percent; of ferrous scrap metal: in Belarus by 20 percent, in Kazakhstan by 24.2 percent, in Moldova by 23.5 percent, in Russia by 20.8 percent, and in Uzbekistan by 13.8 percent; of chemical and mineral fertilizer: in Belarus by 29.9 percent, in Kazakhstan by 47 percent, in Moldova by 83.7 percent, in Russia by 24.3 percent, and in Uzbekistan by 10.1 percent; of timber: in Belarus by 7.9 percent, in Kazakhstan by 52.7 percent, and in Russia by 24.4 percent; of grain and milling products: in Belarus by 10.8 percent and in Moldova by 42.8 percent. Shipping of grain and milling products increased 1.4-fold on Kazakhstan railroads, and 1.2-fold on railroads in Russia and Uzbekistan.

Personal Monetary Income and Expenditures

Personal monetary income and expenditures in the Commonwealth states in January-October totaled (in billion rubles):

[illegible]

Monetary income in October was 18 percent higher than over the preceding month, and in September—by 13.6 percent. The absolute value of average monthly nominal wages of working individuals (including financial assistance and social benefits) varied in September 1993 in the Commonwealth states between 14,112 rubles [R] in Armenia and R90,323 in Russia.

	Rubles			As a Percentage of the Corresponding Period of 1992			September 1993 as a Percentage of August 1993	For Reference: Minimum Wage in Effect in September 1993
	January- June	July- September	Including September	January- June	July- September	September		
Azerbaijan	12,947	22,600	25,343	1,227	764	731	116	5,000
Armenia	5,189	12,355	14,112	608	786	808	118	4,200
Belarus	25,160	64,493	74,925	906	1,203	1,159	122	9,000
Kazakhstan	24,741	61,911	80,026	1,143	1,300	1,283	138	4,500
Kyrgyzstan, soms	46.9	91.6	112.8	837	864	902	127	28
Moldova	13,347	36,957	41,796	725	1,141	1,191	118	7,500
Russia	31,742	75,067	90,323	987	1,110	1,134	125	7,740
Tajikistan	7,652	16,348	17,628	686	844	761	109	4,000
Turkmenistan	23,037	53,966	...	1,467	1,559	...	...	9,600
Uzbekistan	10,176	35,778	41,726	908	1,411	1,497	117	13,500
Ukraine	31,094	131,801	223,350	...	...	...	235	20,000

In many Commonwealth states the highest nominal wages were registered among employees of credit institutions: 1.5 to 2.3 times higher than wages in industry, and almost four times higher than salaries in the sphere of culture and arts.

In some Commonwealth countries personal nominal monetary income grows faster than consumer prices for goods and services (calculated on the basis of changes in the value of family consumer "basket"):

	January-September 1993 as a Percentage of January-September 1992, factor of					Ratio of Price Increases in Relation to Increases in			
	Consumer Prices	Per Capita Monetary Income	Wages Per One Worker	Pensions	Stipends	Monetary Income	Wages	Pensions	Stipends
Azerbaijan	...	9.8	10.5	...	7.2	...	...	...	...
Armenia	...	8.0	7.1	7.5	...	...	...	...	...
Belarus	11.3	11.6	10.5	9.8	7.9	1.0	1.1	1.2	1.4
Kazakhstan	10.9	11.1	12.3	...	5.4	1.0	0.9	...	2.0
Kyrgyzstan	12.9	7.4	8.5	7.7	8.1	1.7	1.5	1.7	1.6
Moldova	13.1	8.1	9.4	6.0	5.7	1.6	1.4	2.2	2.3
Russia	9.6	11.0	10.5	9.2	8.4	0.9	0.9	1.1	1.1
Tajikistan	13.5	9.0	5.2	...	...	1.5	2.6	...	...
Turkmenistan	11.2	17.0	15.2	11.5	10.5	0.7	0.7	1.0	1.1
Uzbekistan	8.1	12.0	12.1	8.6	9.6	0.7	0.7	0.9	0.8
Ukraine	...	...	...	...	...	...	...	...	...

As compared with January-September of 1991, prices increases exceeded the growth of monetary income by approximately a factor of four in Moldova, Kyrgyzstan, and Tajikistan, by a factor of two in Russia, and by a factor of 1.4 in Kazakhstan. Only in Uzbekistan and Turkmenistan, where for a long time state regulation of prices for a number of basic necessities remained in effect, did the rate of consumer price increases and the population's monetary income remain approximately the same.

Prices

On the average across the Commonwealth, wholesale prices of industrial enterprises in January-October were 10.8 times as high as those over the corresponding period of last year. As compared with September of this year, wholesale prices in October increased by 23 percent.

In October, prices for consumer goods continued to rise in all Commonwealth states. Their average level in retail

trade rose by 35.5 percent as compared with September of this year, and was 25.2 times as high as that in October of last year.

The dynamics of retail prices in the Commonwealth states in January-October of 1993 are characterized by the following:

	January-October 1993 as a Percentage of January-October 1992	January-October 1993 as a Percentage of	
		December 1992	September 1993
Azerbaijan	1,017	311	111
Armenia	932	765	148
Belarus	1,093	1,266	147
Kazakhstan	1,143	925	136
Kyrgyzstan	1,240	811	128
Moldova ¹	1,017	1,438	140
Russia	1,034	602	119
Tajikistan	1,293	2,275	122
Turkmenistan	1,299	1,212	126
Uzbekistan	788	422	128
Ukraine	3,004	2,955	178
Total CIS	1,521	966	136

¹ Consumer price index

In Armenia and Moldova prices for foodstuffs in retail trade rose in October as compared with September at a greater rate (1.5-fold) than prices for nonfood items (1.4-fold and 1.3-fold, respectively); in Azerbaijan prices for foodstuffs rose by 12 percent, and for nonfood items by 10 percent. In Turkmenistan, Tajikistan, Russia, Uzbekistan, Kyrgyzstan, Kazakhstan, and Belarus prices for foodstuffs increased over this period 1.1-1.4-fold, and for nonfood items—1.2-1.5-fold.

Prices rise faster in major industrial centers and capitals of the Commonwealth states. For instance, as registered on 2 November, beef prices in Almaty stores rose 2.5-fold over just one month (as compared with 7 September), in Minsk—2.2-fold, Tashkent—twofold, and Novosibirsk—1.5-fold. Prices for butter increased 1.3-1.6-fold in Chisinau, Nizhniy Novgorod, Volgograd, Chelyabinsk, Yekaterinburg, and Novosibirsk, and 1.8-2.4-fold in Tashkent, Almaty, Bishkek, and Minsk; prices for vegetable oil increased 1.8-2.2-fold in Almaty, Bishkek, St. Petersburg, and Voronezh, 3.4-fold in Minsk, and fivefold in Chisinau. Prices for rye bread in Moscow went up 2.1-fold, Chelyabinsk—2.2-fold, and Novosibirsk—2.4-fold; and for wheat bread—1.9-2.5-fold in Kazan, Novosibirsk, Moscow, and Tashkent.

In Ashgabat the greatest rises in regulated prices for basic foodstuffs were registered with respect to sugar—almost ninefold—as well as for beef, vegetable oil, butter, and

milk—by a factor of 10-12.5, and for wheat bread made of highest grade wheat flour—20-fold.

Seasonal price increases at city markets in October as compared with September amounted to 21-39 percent in Kyrgyzstan, Moldova, Armenia, and Uzbekistan; and 44-46 percent in Belarus and Kazakhstan; in Turkmenistan, prices at city markets almost doubled. On average on the territory of Russia prices at city markets rose by 17 percent.

Overall in January-October as compared with the same period of last year, prices for agricultural products at city markets in Azerbaijan, Moldova, Russia, and Kazakhstan increased by a factor of 11.3-13; in Belarus, Armenia, and Uzbekistan—by a factor of 13.4-13.7; in Kyrgyzstan—almost 20-fold; and in Ukraine—by a factor of 33.4.

Prices and fees for paid services to the population continued to rise in October; over the month they increased by 24 percent, and as compared with last year's October—21-fold. The greatest price increases were registered in Tajikistan (by 54.6 percent and 15.8-fold, respectively) and Belarus (by 50.3 percent and 22.6-fold). Prices increased with respect to all categories of paid services. Prices went up the most with respect to services that represent basic necessities—municipal services, passenger transportation, consumer services, and preschool child care.

Increases in prices and fees for main categories of paid services are characterized by the following:

	January-September 1993 as a Percentage of January-September 1992						
	Consumer Services	Passenger Transportation	Communications	Municipal Services	Preschool Child Care	Tourism and Sightseeing	Sanitariums, Resorts, and Fitness Facilities
Azerbaijan	847	2,001	1,044	634	1,098	1,212	763
Armenia	1,313	3,167	3,541	967	711	839	918
Belarus	1,286	1,493	1,987	1,357	867	973	1,279
Kazakhstan	1,523	1,868	710	1,469	2,168	1,694	1,439
Kyrgyzstan	1,829	2,257	1,404	1,885	1,210	1,767	1,366
Moldova	1,065	1,605	906	2,088	617	850	7,224
Russia*	1,828	1,594	958	3,068	1,958	1,795	1,987
Tajikistan	1,029	1,728	761	1,132	138	1,644	1,209
Turkmenistan	1,740	1,540	1,394	374	673	2,527	1,923
Uzbekistan	1,175	1,910	2,229	945	396	1,426	1,602
Ukraine	...	...	...	...	...	...	...

In October of this year as compared with the preceding month and October of last year, the greatest price rises occurred with respect to the cost of attending preschool child care facilities in Belarus—by 63.3 percent and 7.9-fold, respectively; Kazakhstan—by 31.2 percent and 27.8-fold; and in Russia—by 28.3 percent and 16.7-fold. In other Commonwealth countries the cost of these services went up by 17 percent.

The greatest increase in the cost of staying in a sanitarium or resort in October as compared with September was registered in Azerbaijan (by 118.5 percent) and Kazakhstan (58.4 percent), and the smallest—in Uzbekistan (by 3.3 percent). Over January-October of this year as compared with the corresponding period of last year, the cost of these services increased 68-fold in Moldova and by a factor of eight to 20 in other Commonwealth states.

The cost of passenger transportation in October as compared with September of the current year increased the most in Tajikistan (by 39.5 percent) and Kyrgyzstan (by 38.7 percent). Over January-October of this year as compared with the corresponding period of last year, the greatest rise in the cost of these services was registered in Armenia (30.5-fold) and Kyrgyzstan (25.8-fold), and the smallest—in Turkmenistan (15-fold). With respect to municipal services, prices went up in October as compared with September in Kyrgyzstan (by 177 percent) and Belarus (by 161.4 percent).

Retail prices and fees for consumer goods and paid services for the population increased in October as compared with October of last year on the average 24.9-fold, and as compared with the preceding month of this year—by 34.6 percent. The greatest price increases occurred in Belarus (19.7-fold and by 47.6 percent, respectively) and Tajikistan (18.5-fold and 24.3 percent), and the smallest—in Uzbekistan (10.4-fold and 28.7 percent) and Azerbaijan (10.8-fold and 16.8 percent).

Trade and Services

Over the elapsed 10 months the volume of retail turnover (including public catering) in current prices across the Commonwealth increased 9.1-fold as compared with the same period of last year; its physical volume (in comparable prices) declined by 4.8 percent as compared with January-October of last year, and by 36.6 percent as compared with the same period of 1991. In most Commonwealth states the cost of retail commodity turnover rose as a result of higher prices.

Some consumer goods are sold by individuals outside of officially registered trade. The volume of such sales in Russia, for instance, amounted to an estimated R1.9 trillion over January-October of this year, which comprises 7.6 percent of the total trade turnover in the republic.

The data on retail turnover in the Commonwealth states over January-October 1993 are shown below:

	Billion Rubles, in Current Prices	January-October 1993 as a Percentage of		
		January-October 1992		January-October 1991 in Comparable Prices
		In Current Prices	In Comparable Prices	
Azerbaijan	159.9	531	52.2	20.7
Armenia	55.2	540	57.9	15.8
Belarus	2,015.2	1,129	94.7	75.3
Kazakhstan	1,375.0	1,012	85.1	52.1
Kyrgyzstan, billion soms	0.76	821	78.8	28.7
Moldova	308.3	805	73.8	35.6
Russia ¹	25,132.4	1,034	101.9	66.7
Tajikistan	107.7	810	69.4	24.5
Turkmenistan	278.1	1,394	107.3	70.7
Uzbekistan	844.4	955	120.0	83.6
Ukraine, billion karbovantsy	19,205.6	2,337	78	59.8

¹ Including sales at outside of officially registered trade channels

In a number of territories in October there was a wave of panic buying of consumer goods; in particular, in Uzbekistan it was caused by the anticipated exchange of banknotes, and in Kazakhstan and Turkmenistan—by the announced transition to a national currency.

As of 1 November the value of current inventories of consumer goods in the retail trade network of the Commonwealth countries measured at about R8 trillion and could sustain trade for 44 days (based on average daily turnover in October) as compared with 42 days as of the same date last year. Inventory levels in the trade sector fluctuated between 35-38 days in Armenia, Moldova, and Ukraine, and 43-46 days in Russia, Belarus, and Kazakhstan to 63-74 days in Uzbekistan, Tajikistan, and Turkmenistan, 86 days in Kyrgyzstan, and 104 days of trade in Azerbaijan.

The value of realized paid services in the Commonwealth as a whole amounted to R3.8 trillion and was higher than that in January-October of last year in current prices and rates by a factor of 10, while in comparable prices and rates it declined by one-quarter.

Conventions used: - phenomenon absent; ...—no data (not submitted); *—estimate, calculation.

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ECONOMIC AND SOCIAL AFFAIRS

Nechayev on Ways To Stabilize Economy

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[Interview with Andrey Nechayev, by Vadim Mikhnevich; place and date not given: "The State Must Work With Private Investors"]

[Text] Even with the extremely limited budget resources, ways out of the crisis can be found, Andrey Nechayev, former minister of economics in the Yegor Gaydar cabinet and now president of the Russian Finance Corporation, working in contact with the Russian Government, believes.

[Mikhnevich] Andrey Alekseyevich, many people are explaining the reasons for the present crisis by the shift in priorities in the government's activity. Some are saying that we should have started with financial stabilization, others, with the structural reorganization of the economy, and yet others believe that we should generally have increased subsidies to industry and not have embarked on dangerous experiments. What do you, a person at the very epicenter of the struggle for reform of the economy, think?

[Nechayev] The latter assertion I do not consider serious in the least. By the time the Gaydar government had assumed office, the country had long been living beyond its means and was on the very threshold of a most severe financial crisis. As far as the first two are concerned, these are essentially two sides of the same coin. Gaydar understood this, but the government began with a policy of financial stabilization and liberalization of the economy bolstered by privatization. The release of enterprises from strict state tutelage combined with free pricing, taking account of real outlays, made it possible to distinguish both the viable enterprises and sectors and those that are either not in a position to survive at all or that could do so provided that production is reprofiled or reorganized.

The structural reorganization of the economy was to have been the aim of the second stage of the reforms. At this stage it was contemplated, on the basis of the limited possibilities of the budget, supporting viable industries and providing for the most painless possible winding down of the inefficient ones. But we did not reach the second stage. Under the severest pressure of the sectoral and regional lobbies expressing the interests of potential insolvent enterprises, the Supreme Soviet initially messed up the well-proportioned, interlinked program, tearing it apart bit by bit, and then, with its support, the Central Bank gave a boost to the inflation spiral, granting the enterprises large-scale, unsupported loans, essentially signifying the injection into the economy of an enormous supply of wholly unbacked money. The start of the structural reorganization was impeded by another step also—it was in fact blocked by the adoption of the Bankruptcy Act.

The stream of demagogy from high platforms did the economy a bad turn. The burst of inflation that followed immediately after hit most strongly at both the manufacturers and the public, inflaming the atmosphere even more and making ways out of the crisis more difficult. The ailment, which was driven inward, has once again come to the surface, but this time in a more serious form. I believe that there is no other solution to the crisis for the government today than to operate simultaneously in two directions—undertaking strict financial regulation and active structural reorganization.

[Mikhnevich] In other words, the present government is faced with doing what, formerly, Gaydar did not venture, when the situation was less explosive. A contradiction arises: strict financial regulation with a very meager budget will deprive the structural reorganization of the necessary investments. On what reserves can the government count in this situation?

[Nechayev] First, we need to create conditions that stimulate as much as possible all potential investors (banks, enterprises, commercial structures, the public) for the long-term investment of resources. It would be expedient for this, in particular, to exempt from taxes funds channeled into investment and permitting enterprises to pursue a flexible depreciation policy, and the commercial banks, to lower the rate of reserve holdings in the Central Bank, provided that the resources thus released are channeled into long-term credit. It is necessary also to devise as quickly as possible a package of documents regulating collateral relationships, mortgages included.

Thus, the task is to stimulate as much as possible, using limited government resources, the attraction of nongovernment funds. Of course, the state will always have obligations connected with defense capability, the environment, and development of the infrastructure and social programs. There is no escaping nonreturnable funding here, although these resources also could be spent more efficiently—via competitive bids, tenders, and the use of contract relations between state clients and contractors.

The resources, on the other hand, which are channeled into the support of industry and other sectors of the production sphere, which will ultimately produce direct returns, should be allocated mainly on a returnable basis.

[Mikhnevich] Have such tactics been discussed at the government level?

[Nechayev] Back in 1992 the Ministry of Economics of the Russian Federation had prepared a draft that proposed the abandonment if only of some nonreturnable budget investments, substituting for them commercial investment credit at a preferential rate of interest. They were to have been issued on a competitive basis to specific enterprises on the strength of particular projects, which had undergone comprehensive expert appraisal, with a relatively short cost-recovery term. Following completion of the project, the principal and interest

would be returned to the creditor, that is, the state, and could once again be used for investments. There has in this way been an increase in the demands made on the efficiency of the projects and a broadening of the opportunities for future investments.

I have to say that even at that time there was no shortage of interesting proposals—the reforms emancipated initiative, and people understood that in realizing efficient projects good money could be earned in the future.

The government is now returning to this idea and developing it. A corporation's proposals were recently discussed by government and banking experts, and it was deemed expedient to differentiate between the use of budget resources for investments, initially allocating approximately 20-30 percent of the 21 trillion rubles [R] determined by the budget for capital investments for the granting of loans on a commercial basis, and also for the realization of another part of our proposals—the use of government resources for investments in share capital in combination with private investments. These tasks, specifically, will be tackled by the Russian Finance Corporation.

[Mikhnevich] Thus, if I have understood you correctly, we are talking about the appearance of fundamentally new investment and financial institutions under our conditions essentially pursuing government policy, but simultaneously acting the part of transactor operating independently. Is this, after all, a state organization or a private organization acting in the interests of the state?

[Nechayev] The status could change in the future, but we are at this time a state structure operating on the principles of financial autonomy and acting as the agent of the government, to which it entrusts the administration of a part of the budget resources. Such institutions operate successfully, for example, in the United States, Germany, and Italy. Budget support for the development of the most promising directions in scientific research and new technology and the stimulation of exports and private investments and other areas of vital importance for developing the economy and for maintaining high competitiveness on the world market are being realized with their help. The task with us is more modest as yet—attracting to the economy new investments and accelerating capital turnover.

[Mikhnevich] Have you already devised a mechanism?

[Nechayev] Of course, although, naturally, it will probably have to be refined with reference to the situation on the investments market. There are entirely specific areas in which, we believe, companies like the RFK [Russian Finance Corporation] should operate. Their functions are portfolio investments, allocating loans and putting together around these government resources nongovernment capital and concluding agreements with bankers and borrowers. It is nonsense when the Ministry of Finance concludes direct credit agreements with enterprises!

How will such companies operate? There is, for example, a large number of projects that their potential participants are not in a position to finance in full. There are, then, two options: either the government provides investment credit or participates directly in this project and acquires its share of the stock. If the project is realized and becomes profitable, the price of the shares rises. The government could at any moment sell them at a profit and allocate the money for new investments. All Western investment banks operate according to this format.

Acting on behalf and at the behest of the state, the RFK will attract primarily private investments. This format, roughly speaking, is as follows: the state invests R1 in a specific project and thereby declares its support for this project and its readiness to share the risk, but on the strength of this support commercial structures should invest, say, R3. Our estimates show that such interaction with commercial structures is perfectly possible, inasmuch as they have an interest even today in the profitable investment of their capital not only in trade or currency transactions.

There is also a number of other ideas, on which, owing to the lack of space, it is not worth dwelling on in detail at this time.

[Mikhnevich] Nonetheless, as experience shows, investors are attracted not so much by verbal as by actual guarantees, and in terms of the degree of investment risk, Russia is today superior only to countries that are at war. Can the government provide such guarantees?

[Nechayev] We also consider this matter extremely serious. Our viewpoint is such: we need an insurance or guarantee fund, not only ruble but foreign currency also, what is more, which would help attract foreign investors also. It is necessary, partially, to allocate budget monies for its creation. Management of the fund could be assumed by state structures of the RFK type.

We are also engaged in an active dialogue with OPIC [Overseas Private Investment Corp.]—the agency performing similar functions in the United States. Its guarantees are in fact guarantees of the U.S. Government, on the strength of which any Western bank instantly allocates credit. I hope that we will manage to obtain from OPIC resources both in the form of guarantees and in the form of direct credit. Without reciprocal guarantees on the part of the Russian Government. We hope that we can persuade American investment banks to invest their own capital in our projects in combination with resources granted by OPIC. If this happens, this will be a great success.

[Mikhnevich] Will your activity on the securities market be confined merely to stock transactions?

[Nechayev] We contemplate issuing on behalf of the corporation special ruble bonds at a relatively low rate of interest with compensation in the form of their owners being granted on the part of the corporation services pertaining to

expert project evaluation, the attraction of capital, consulting, and so forth. It is also contemplated issuing foreign currency bonds, the price of which will change in accordance with the current price of the dollar at the prevailing interest rate in the West. It will thus be possible to accumulate additional resources for investments.

Further, at the behest of the Ministry of Finance, the corporation will conduct transactions with internal currency bonds. We are talking about bonds issued in exchange for the "frozen" currency accounts in the Vneshekonombank [Bank for Foreign Economic Activity]. We have enlisted a number of banks with whose participation we intend to make these bonds relatively liquid. We have also established contacts with Western investment institutions, which are prepared to purchase these bonds. Our quotations, that is, the prices that we are offering the enterprises when purchasing the bonds, are higher than those of our competitors.

Another direction which could be of interest to our enterprises is the allocation of currency loans with these bonds being used as collateral, proceeding from their market value. And, finally, the third direction—participation in risk-sharing. The foreign currency or part thereof paid to an enterprise will be placed on deposit in one of banks at a good rate of interest. In the event of an increase in the market price of the bonds, the profit will be shared with the enterprise.

The proposed ideas would be profitable for the holders of the bonds, I believe. They would not have to wait for many years for redemption of the bonds and would immediately obtain "live" money, which could be invested in business. The corporation and the banks take the risk. If the price of the bonds (thanks to the attraction of foreign purchasers included) rises, they will be the winners also.

[Mikhnevich] How do you intend to monitor the operation of the banks, considering their predilection for first turning over a time or two the money they have received and only then entering it into clients' accounts?

[Nechayev] We will, most likely, refuse to grant the banks credit and will do business directly with the borrower, opening a line of credit for him. The bank's function will be confined merely to servicing the movement of the money.

[Mikhnevich] If in the future the regions manage to defend their independence (the trend toward separatism is being manifested even now), will this be reflected in the activity and plans of the corporation?

[Nechayev] On the contrary, we believe that it is our regional branches, which the RFK is actively creating, which will bear the brunt of the burden, inasmuch as there is much that is seen more clearly at the local level. The majority of investment projects should be worked out and realized at the regional level with regard for local specifics.

[Mikhnevich] How do you see the future of structures like the RFK?

[Nechayev] Their appearance and development ensue directly from the logic of reform. Whether we like it or not, the development of market relations will force us to use in the investment space forms and methods accepted and well honed by world practice. Our corporation is today a pioneer to a large extent, but it is hardly destined to operate alone—others, which will compete with one another, owing to which the investment climate will only get better, will appear also.

Commodity Producers Discuss Plight of Russian Industry

944E0339A Moscow *RABOCHAYA TRIBUNA*
in Russian 29 Dec 93 pp 1-2

[Article by Vitaliy Pyrkh, *RABOCHAYA TRIBUNA* staff correspondent in Krasnoyarsk: "On the Very Brink"]

[Text] On the very brink—this is where the economy of Russia has ended up in the year now ending. However, the second congress of commodity producers of the country, which was held in Krasnoyarsk, did more than just confirm it. Read the article on page 2.

It appeared that it would be difficult for delegates to the congress to avoid the temptation of getting embroiled in political battles there. The situation in the country has become too complicated, too "hot." However, the following appeal came in the very first words spoken by Yu. Skokov, chairman of the organizational committee for conducting the congress, which was attended by representatives from 41 regions of Russia and eight federation-wide delegations: Enough of finding out who is "Red" in the audience and in the country, and who is not quite "Red," and of finding out what should be demanded first of all from the powers that be. Russia has come to the point beyond which there may only lie a national catastrophe. The domestic production of commodities is the last stronghold, the last bastion of the state.

Before the congress, documents were handed out to the delegates, of which one deserves the closest attention. It is "The State of the Economy of Russia (Analysis and Projection)" prepared by the analysts of the Federation of Public Associations of Commodity Producers of the country. It differed greatly from government assessments which have been voiced recently. For example, the decline in production in the year now ending has exceeded the planned level by more than a factor of two, and has been only slightly smaller than that of last year. Investment in the production assets, which had been weakened to begin with, continued to decline. Millions of people live below the poverty line. Specialist-analysts estimate that this year alone, \$12 billion-\$15 billion have been taken out of the country both legally and illegally. A paradoxical situation occurs: on the one hand, the stabilization of exports has been registered, with imports

falling by a factor of two; the positive balance of foreign trade may reach \$23 billion. On the other hand, the foreign debt of Russia continues to grow: Russia is not in a position to discharge even the reduced debt payments (reduced by agreement with Western creditors).

Yu. Skokov built on this analysis in his report at the congress: "Against the background of steady cutbacks in production in virtually all sectors, zones have emerged in which the slump has become particularly threatening. For example, the reduction comes to about 50 percent in electrical engineering, instrument making, machine-tool production, and light industry. It is not reforms in the economy that are under way, but rather the destruction of national commodity production. However, the state and society must understand that by destroying the domestic commodity producer, they are destroying themselves."

Similar assessments, even more sharply worded than Skokov's, were voiced in presentations "from the field" made by the largest industrialists of the country: managers of the standard-bearing enterprises of the domestic machine building, metallurgy, and the mining industry....

"I have rubbed shoulders with all reformers in Russia, up to the president of the country. I queried everywhere: Are we moving on the course that we want? However, all I heard in response was: There is no alternative to the program of reforms being implemented. To what program, who has seen it? Chubays came to us in Omsk, and also said: Is this not stabilization—credit is not being taken out at banks, there are no lines in stores, the exchange rate of the dollar is not changing.... However, the best stabilization is when everything is at the zero mark—both consumption and production. This only happens at a cemetery." (This is from a presentation by a representative of the Omsk delegation).

This is an excerpt from another presentation, that by a representative of commodity producers from Yekaterinburg, the native city of the Russian president: "We are being deliberately and very expertly destroyed. I recently met Gaydar in Cheboksary. He was surprised: How come, are you still in operation? I thought that you had shut down already.... They, the present-day reformers, indeed miscalculated: they did not take into account the survivability of the director community, its ability to resist the deindustrialization of the country. Could it be that the time has really come for us to 'help' the government? For example, if the volume of production at an enterprise falls 50 percent, half the people are thrown out into the street. Let them appeal to the reformers then rather than to us, and complain about a drop in the standard of living and delays in the payment of wages...."

A. Volskiy, president of the Russian Union of Industrialists and Entrepreneurs, stressed in his presentation to the congress in particular: "The fact of fragmentation of the industrialists of the country, their splintering based

on narrow corporate interests, deserves to be condemned. Here is Gaydar creating his association of private business which, for example, such domestic giants as the Uralmash also joined. Why? Who would not sell out for easy credit, for weighty sops from the boss? There is the notorious Shumeyko, organizing his so-called confederation of entrepreneurs of Russia, which nobody in the Russian 'backwaters' has got the foggiest notion about. Apparently, it was also organized so that the branch of this confederation in the United States could be headed by people who are not strangers to Shumeyko—his daughter and son-in-law. Gentlemen reformers, are you not something else? Meanwhile, here we are wondering and wracking our brains over this issue: How come the confused Russian people voted for Zhirinovskiy? As always, we are looking for 'scapegoats'—the press, television, the absence of funds.... Who were the people to vote for? One may have his hopes dashed, one may engage in wishful thinking, finally, one may believe in yet another vain dream. Nobody has ever succeeded in deceiving 100 million people all at once—ever!"

I sat in the overcrowded auditorium of the Palace of Culture of the metallurgical plant, in which the congress was held, and could not help thinking: Who needed this—the destruction and the virtual bringing to its knees of the domestic economy? Just the way it was seven and a half decades ago. At that time, Russia was also getting on its feet and growing stronger every year—there were Putilov's enterprises, Morozov's textile mills, and Tereshchenko's plants.... The Russian people have built all kinds of things, having received the desired sip of freedom! Was this not the foundation upon which it was possible to move ahead quickly, turning the country into a truly prosperous region?

I would be less than truthful if I maintained that the entire two days of the proceedings of the congress in Krasnoyarsk were devoted solely to the assessment and analysis of the situation that has emerged in domestic commodity production. A proposal was made in virtually each presentation at the congress: What should be done in order to save the economy from ultimate destruction, in order to save Russia?

Speaking at the congress, Arkadiy Volskiy responded to a question with another question: "What did Roosevelt begin with when he came to power? He immediately closed down all banks that existed in the country. Only one-third of them were reopened as long as two weeks later after auditing. Incidentally, they operate in the United States to this day."

In Volskiy's opinion, the industrialists of the country need their own political organization; the last election proved this. Russia should be led by people who have a vested interest in its prosperity.

However, there were other "points of view": For example, in the opinion of A. Stepanov, chief of the

Teplovodokanal administration of the Vorkutaugol production association, the creation of such a party is an issue for the remote future. Right now they should immediately embark on utilizing the potential of deputies elected to the State Duma. To be sure, this will not be easy to do.

There were other opinions, which on certain points even mutually refuted one another. However, the delegates were unanimous on one point: a force capable of uniting all who are interested in the genuine rather than illusory rebirth of the Motherland should finally appear in Russia. The Federation of Public Associations of Commodity Producers of Russia, which was finally legally constituted in Krasnoyarsk, should become such a force. Yu. Skokov was elected its first chairman. Commodity producers have gotten the long-awaited opportunity, just as in all states of the world, not just to assess the processes under way in the country, but to influence the development of an economic policy and the determination of strategy and tactics of domestic commodity production. This will be facilitated by the revised statute of the federation and the Declaration of Rights of Russia's Commodity Producers, adopted at the congress, as well as the mood in which the delegates went home. A telegram addressed to the president and prime minister of the country, in which the delegates demanded the suspension of the effect of the Edict on the Taxation of Legal Entities on 1 January, became the first "harbinger" of collective actions. Otherwise, it will only be possible to refer to industrial production in Russia in the past tense.

After the congress, I asked the first chairman of the federation: Is he satisfied with membership in the federation being for now structured on an utterly voluntary basis? If one wants to, one belongs to the federation, and if not, there is no helping it.... For example, in Japan or Germany nobody will engage in business unless he joins the league of entrepreneurs. The law would not let them....

Yuriy Vladimirovich responded: "We are already moving in this direction. We have invited the Chamber of Commerce and Industry of the Russian Federation to become one of the founders. In the already mentioned Germany, it is precisely a similar chamber that issues entrepreneur licenses. If we fail to revive the production of goods in the immediate future, nobody from abroad will help us. Who needs us over there? In our country people became rich not at all because they benefited Russia somehow, but rather as a result of redistributing the national, people's wealth in their favor. This is a typical Bolshevik technique: To take everything away and....appropriate it right away. Of course, it is easier to steal than to do something yourself. However, can something significant be created if you keep stealing from someone else shamelessly all the time?"

I agreed—of course, it cannot. And I thought that Russia did not get just the Federation of Public Associations of Commodity Producers during the two days of the congress in Krasnoyarsk, but possibly also a new national leader.

Zaveryukha Interviewed on Agriculture Problems, Reform Prospects

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in Russian No 49, Dec 93 p 24

[Interview with A. Kh. Zaveryukha, deputy chairman of the Government of the Russian Federation, by *EKONOMIKA I ZHIZN* correspondent N. Dudorov; place and date not given: "The Agrarian Reform in Russia"]

[Text] *Our agriculture has never been in such a dismal state. Why is the acreage sown and the livestock herd being reduced, and the productivity of fields and farms going down? How did it happen that plant-growing and especially animal husbandry have become unprofitable for our countryside? What is the explanation as to why not only collective, but also peasant (private) farms have found themselves in such a difficult economic situation, and some of them have gone bankrupt? Our correspondent posed these and other questions to A.Kh. Zaveryukha, deputy chairman of the Government of the Russian Federation.*

Aleksandr Kharlampievich Zaveryukha was born in 1940 in Novosergiyevskiy Rayon in Orenburg Oblast. His first job was that of a tractor driver. He graduated from the Orenburg Institute of Agriculture and is a candidate of economic science. He knows agricultural production inside out. Worked as a chief economist and a kolkhoz chairman. For many years held management positions in the Orenburg Oblast Party Committee and the agro-industrial committee. Was the head of the scientific-production association of the All-Russia Scientific Research Institute for Meat Cattle-Breeding. Was elected a people's deputy of the Russian Federation. He was appointed a deputy chairman of the Government of the Russian Federation in February of this year.

[Dudorov] Aleksandr Kharlampievich, in your opinion, what should be the main principles of the state economic policy with respect to the APK [agro-industrial complex]? How are they being implemented in practice?

[Zaveryukha] It is my firm conviction that the reform in the agro-industrial complex and its transition to the market must be based on fundamentally changing the totality of socioeconomic relations in this sector of production. Why is a market preferable to an administrative-distributive system? First and foremost because it gives the peasant an incentive constantly to strive to work more productively. He will show this concern about "his own" not only on an independent farm but also when participating on a voluntary basis in cooperative production.

That rural residents will be joining in various entities is also beyond any doubt, because one person or even a large family cannot compete with a cooperative, where responsibilities are clearly assigned among its members. That is, it uses all the advantages of division of labor among producers joined together. Hard-working people will not tolerate among them a sluggard or a drunkard and will simply "squeeze" him out, like a foreign body.

A question comes up: Why do we produce four or five times less output per rural worker as compared with a similar peasant or farmer in Europe—what is the problem? One of the main reasons for this situation, in my opinion, is the deviation from a normal correlation of prices for agricultural and industrial products for the countryside. This and other reasons have led to an impoverishment of the countryside; producing agricultural output has become unprofitable. The state has begun to support rural workers with money from time to time, but these were considerably lesser amounts than what was being withdrawn. That is why the sector has been deteriorating.

As a result, the only sovkhozes and kolkhozes that have survived have been those managed by the most capable and energetic administrators, who were able to create highly profitable production through comprehensive mechanization, introduction of modern crop-growing and cattle-breeding techniques, and rational organization of production processes. However, it has come to the point that even they are in need of state support lately. Because even the 200-300-percent profit on grain production will be eaten up by inflation if it runs at 400 percent a year or more. Because agriculture is a seasonal sector; expenditures here run year round, while the output is produced once a year or at even greater intervals. Over this time much changes in the economy, and farms are left in the red.

The proof of that is the current financial situation of grain producers, to whom Roskhlbprouct owes almost 1 trillion rubles [R] for the grain it has procured from them. One of the most important conditions of forming a market in grain and products of its processing is for the state to give up its monopoly on sales of bread and bakery products, granting the right to sell them at market prices and compensating in a variety of ways the low-income part of the population, thus providing protection from rising prices.

The government has appraised the situation correctly and has issued to agriculture before the end of 1993 R1 trillion to pay its own debts; this step should contain somewhat the process of the impoverishment of the countryside. In order to stop this negative process, however, many times more infusion will be needed.

[Dudorov] What is the role of the public sector and other economic forms in solving the food problem?

[Zaveryukha] If we keep in mind the rather sad experience of the hasty decisions in the economic sphere, it will become clear that the current fundamental change of production relations in the countryside is something that will require not one and not five years. The recent fashionable slogan on paying the debt to the countryside simply did not work out because the government did not have the necessary means. And the result of a complete disintegration of the system of payments was that agriculture began literally to visibly collapse.

The first victims were weak kolkhozes and sovkhozes, which after their reorganization either merged with enterprises that were better off financially or separated into private farms. Betting on them, however—as many demand that we do—may pay off no earlier than in five to 10 years, since most kolkhoz members are not capable of engaging in independent production and are not knowledgeable about things that a farmer should know. Neither can we dismiss the fact that new farms now—the same as collective farms—are experiencing extreme economic hardship. To set things up, a farmer now needs to spend many millions, while the government is unable to allocate these means.

Therefore, the public sector practically retains a dominant role in agriculture. And collective farms, too—including kolkhozes and sovkhozes reorganized into different forms—need reliable protection from dishonest partners, both domestic (in terms of payment for products) and foreign.

[Dudorov] The land reform is currently being implemented on a broad scale in Russia. What do you personally think of the introduction of private ownership in land?

[Zaveryukha] The president of the Russian Federation's edict "On Regulating Land Relations and Development of Economic Reform in Russia" has caused a range of reactions in the countryside. It is revolutionary in substance, and many people have not yet appraised its subsequent effect on the entire process of transition to a market. Its opponents are concerned over point 4 regarding private ownership in land; they maintain that people with money obtained in a dishonest manner will begin buying it up for speculative purposes or in order to create large land holdings.

Their concerns are not groundless; at the same time, however, the edict has only set the general direction, while the mechanism is being detailed in a package of legislative acts on the land reform, which is to be prepared by the government, after which these documents are to be adopted by the future Federal Assembly. The same kind of acts are being prepared with respect to economic activities on the purchased land. In the event that it is used not in accordance with the intended purpose, first the owner will be fined, and then the land may be confiscated. Documents are currently being developed on procedures of land plot buyouts, mortgages, taxation, and other operations involving land, as well as using agricultural land as a collateral.

[Dudorov] To what extent does the current infrastructure meet the needs of the APK market?

[Zaveryukha] The infrastructure needed to begin market relations in this economic sector is already in place. Its weakest link is the lack of a sufficient number of specialists who have knowledge of the methods of managing an enterprise in the new environment and the basics of marketing. Another difficulty is that many APK sectors are

overly monopolized. Take for instance the aforementioned Roskhlbproduct corporation. We need to demonopolize such entities.

Private sector organizations also intensively build a market infrastructure. For instance, exchanges began to specialize in individual commodities, moving away from universality, and join into associations and unions. For instance, in the APK sphere there is an association of exchanges that already has been functioning for two years; it has prepared a program for the development of a market of grain futures in Russia. I think that the state should support such a constructive approach and influence grain price regulation in a certain way through commodity and financial interventions. Creating a market infrastructure on the existing basis is more promising, since reconstruction and modernization of it will cost less than starting from scratch. I recommend that all businessmen who wish to work with the APK in this direction contact the Agro-Industrial Chamber for Reconstruction and Development of the Russian Ministry of Agriculture, whose task is to coordinate the actions of all forces, regardless of form of ownership, in the direction of program implementation.

[Dudorov] What should be the economic relations in the future, and what should be the infrastructure of the APK market?

[Zaveryukha] Having studied the experience of market operations in the agrarian sector of the economy of many countries in the world, we found out that the system that is most suitable for Russia is the one used in the European Union, which regulates the agrarian market through state institutions. Their influence on the domestic agrarian market is exerted in the form of direct commodity or financial intervention. We, too, should find optimal transitional market mechanisms, which would allow the market to take off without leveling to the ground already functioning structures, to offer them better economic conditions. They should be as follows:

- selling agricultural products at market prices;
- price regulation should not interfere with the market nature of relations;
- state procurement prices (fixed) must be set after taking exchange mechanisms into account;
- the state builds up a reserve supply of agricultural products and foodstuffs in order to conduct a commodity intervention in the event of sharp increases in product prices.

It is also proposed to conduct state regulation in the market environment through a system of collaterals, which includes accepting the product as a collateral for a certain period of time with payment at guaranteed prices, and also works through preferential credits for commodity producers in certain sectors by compensating part of the expenditures on the production of grain products, and so on.

We also need to think about creating such financial institutions as mortgage and land banks, payment and clearing institutions, trust companies, and leasing firms. Their development is held back only by the lack of a legislative and normative base. We need to create organizational-economic forms for certain APK sectors. This approach is built into state programs "Soybean," "Grain," "Oil," and others. One of the possibilities in this direction is organizing industrial-financial holding companies with the participation of state institutions and ministries. But this is a separate large topic.

[Dudorov] How do you see the role of the mass media in the successful conduct of the agrarian reform, raising the level of the population's knowledge and literacy in matters of a market economy?

[Zaveryukha] The role of the press and other mass media in covering the APK problems is enormous. Unfortunately, quite often the press, radio, and television are not objective in their appraisal of a score of processes taking place in the countryside. Some authors maintain that we need to speed up the liquidation of large collective farms and create instead 5 million peasant (private) farms, which will immediately feed the country.

Others, on the contrary, proclaim a lack of future for the latter, since they allegedly are less efficient than large enterprises. Such a diametrically opposite approach is groundless and only harms the reform in the APK. Sometimes we also see an incorrect appraisal of the current situation in the countryside.

The mass media must reflect the real picture in the agrarian sector, cover the experience accumulated in the regions and on farms, reveal shortcomings, and publish the professional advice of specialists and scientists on different aspects of the economics of the national agro-industrial complex.

I believe that the EKONOMIKA I ZHIZN newspaper, which, in my opinion, comprehensively and quite objectively covers the course of economic reform in our country, could be of substantial help to the Russian agro-industrial complex in overcoming the difficulties that it is currently experiencing. And I think that top managers of the APK, farms, enterprises, and organizations, as well as new commercial structures, will gladly share on the pages of EKONOMIKA I ZHIZN their experiences, providing tips on the best approaches to the solution of some or other problems. Both sides will benefit.

[Box, p 24]

In the Mirror of Statistics

Reregistration of kolkhozes and sovkhoezes is practically complete. It has been implemented at 24,000 farms (93 percent). The collectives of 8,100 farms made a decision to retain the existing status of their enterprise. Joint-stock companies and partnerships of various kinds have become the prevalent form of economic activity in the countryside. As of 1 October 1993, there were 11,300 such entities.

According to the data of the State Committee on Statistics, as of 1 November of this year there were 268,000 private farms operating in Russia, covering a total area of 11.2 million hectares (42 hectares per farm, on average). Over the past few months, the process of their creation has slowed down perceptibly. Over January-October, more than 9,000 farms ceased operations because of increased difficulties with material and technical supply, the worsened financial situation, and other reasons.

It should be noted particularly that the people's interest in having their own personal auxiliary plots has increased. The 18 million personal auxiliary plots, as well as those belonging to enterprises, organizations, and institutions, which are currently in operation in Russia, now produce 30 percent of the gross agricultural product. Over the period under review, the herd of livestock and poultry on these farms has increased by 5-12 percent.

As compared to 1991, in 1992 agricultural output fell by 9 percent, while the national gross domestic product declined by 20 percent. It is expected that the gross agricultural product will decline by 5 percent in 1993.

The total yield of grain after processing is expected to be 100-102 million tonnes (over the past two years the average yield was 92 million tonnes). There has been more sugar beet produced (by 23.4 million tonnes) than in 1992. Production of sunflower seed, potatoes, and vegetables—counting the production of these crops on personal auxiliary plots, is expected to remain at the 1992 level (2.3 million, 38 million, and 10 million tonnes, respectively).

A certain trend toward stabilization may be seen in animal husbandry. Beginning with the second quarter of this year, the rate of decline in the production of most varieties of farm products has gone down. However, because of a continuous drop in the number of livestock and poultry over 10 months as a whole, selling livestock for slaughter has declined on farms by 14 percent; the gross yield of milk has declined by 4 percent, and production of eggs by 7 percent.

The herd of livestock kept on the population's personal plots continues to increase. This only partially compensates, however, for the perceptible decline in the size of the herd at agricultural enterprises. The share of horned cattle in the hands of the population has increased from 23 percent to 26 percent; of cows—from 30 percent to 34 percent; pigs—from 29 percent to 33 percent; and of goats and sheep—from 32 percent to 38 percent.

Agriculture's Financial Problems Viewed

*PM3112152193 Moscow ROSSIYSKAYA GAZETA
in Russian 30 Dec 93 First Edition p 2*

[Article by Candidate of Economic Sciences I. Kononov, leading scientific staffer at the All-Russia Scientific Research Institute of Agricultural Economics, and comment by Aleksandr Gavriluk: "Is the Bank No Comrade for the Peasant?"]

[Text] Our statistics are always late. That is why today we have not the year's balance for 1993 but only the agricultural enterprises' balance for the first half of the year.

The consolidated half-year balance of Russia's agricultural enterprises is a unique document making it possible to assess objectively the financial position of the country's agriculture. Over the first six months of work this year, agricultural farms and producers (not counting private farmers) earned over 567 billion rubles [R] in profit, which is a little over eight times more than for the corresponding period last year. The profit obtained ensured a 48-percent profitability in agriculture. Is that enough?

According to the criteria of the "stagnation times," the optimum level of profitability was considered to be 40-45 percent of the prime cost of the output sold. And that level was indeed close to the optimum since it ensured a quite rapid rate of expanded reproduction of the sector's material and technical base and ensured wages entirely comparable with wages in industry (on state farms it was 86-88 percent of industrial wages). When assessing the present profitability situation in agriculture we must bear in mind that it took shape largely under the influence of the extremely reduced remuneration of the labor of rural commodity producers.

In the first half of this year, as last year, the monthly wage in agriculture did not exceed 56 percent of the average wage of workers and employees in the Russian national economy. If wages in agriculture were the average for the national economy, then the sector's profitability would decline many times over for this reason alone. According to the figures for last year, this decline would have been only threefold. The low return has also affected effective demand.

Because of the reduction in agriculture's effective demand for 1992 alone compared with 1991, deliveries of mineral fertilizers to Russia's agro-industrial complex were nearly halved, deliveries of tractors and trucks fell by over one third, deliveries of grain combines fell 28 percent, and volumes of capital investments were cut back more in the agro-industrial complex than in other sectors.

Unfortunately, agriculture remains an unattractive sphere for private investors. And that is entirely natural. After all, the general rule has it that there is some point in investing in production only if you can obtain a bigger clear profit (after the deduction of tax) than by keeping the money in the bank. But even the Savings Ban of Russia, which pays the smallest rate of interest among other banks on short-term investments, pays 120 percent a year.

Many banks have paid shareholders dividends for 1993 which amount to 200-250 percent a year and even more. For that reason banks keep as far away as possible from agriculture, calling it a "black hole."

Russia's commercial structures mainly finance those projects whose profitability will in any circumstances be at least 150-200 percent a year. Targets for investment as a rule are trade and large industrial enterprises which have completed privatization and possess a substantial export potential.

Consequently, for agriculture to be able, under stagflation conditions, to make capital investments in more or less tolerable volumes and to offer normal wages and finally become a sector of interest to private capital, its profitability should not lag substantially behind profitability in other spheres of the economy. For instance, in the United States the average return over many years from investment in farming for 1954-1992 was considerably higher than from investment in state bonds and treasury promissory notes.

The half-year figures are also alarming in connection with the intensifying differentiation of farms. According to the results of work in the first six months, over 4,000 farms, or 15.4 percent of their total number, became loss-making, and the average loss from one loss-making farm was about R10 million, while the profit from one profit-making farm was R27 million.

Last year 7.6 percent of the total number of farms completed the first six months with a loss. Of course, if you assess the situation from liberal market positions, there is nothing dangerous in agriculture's financial position. After all, the well-known "500 Days" program already made full allowance for the possible bankruptcy of up to 25 percent of farms possessing one third of agricultural land. Even now representatives of this concept view the possible mass bankruptcy of producers of agricultural output as an entirely acceptable market feature.

In this connection it is appropriate to recall the U.S. Administration's approach toward problems of its own agriculture. When in the mid-eighties U.S. farmers were gripped by a debts crisis and about 7 percent of farms were threatened with imminent bankruptcy, the federal government took steps to ease the farmers' debt burden. [Kononov ends]

In Place of Postscript

Russia's agrarian sector has been unable to "achieve a breakthrough" and overcome the production slump in the outgoing agricultural year. In addition, losses when harvesting this year's harvest were in excess of 30 percent for many agricultural crops. The reasons? Primarily "because of the clumsiness of the country's banking system" and the imperfection of the taxation of rural commodity producers, specialists believe.

Debts to the peasants for the grain and oilseed delivered to state resources were R600 billion as of early December and were the same amount for stockraising output sold. In addition the agro-industrial complex has not received about R800 billion earmarked for it from the federal budget.

Existing taxation, in the opinion of agricultural leaders, does not encourage their work and is often a curbing factor. Thus, processing in the agricultural production sphere is subject to a 32-percent tax.

To all appearances the premise of recent years that the emergency formation of private farms would resolve all the countryside's problems, has not been justified. The 270,000 private farms have provided only 8 percent of the total volume of agricultural production. And how could it be otherwise if the private farmers have been sent only 34 percent of the funds earmarked by the state to support this form of farming.

Academician Miloserdov Criticizes Government Agrarian Policy

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21 Dec 93 p 2

[Article by Vladimir Miloserdov, academician of the Russian Academy of Agricultural Sciences, director of the All-Russian Scientific Research Institute of Economics, Labor Organization, and Administration in Agriculture: "Who Will Stop the Rackets? The Agrarian Crisis Will Continue Unless the Government Attitude Toward Rural Areas Changes"]

[Text] Agrarian reforms have been under way for three years in Russia. It is now possible to sum up certain results and look to the future. But first—about their initial base.

It is known that the Russian Federation had exaggerated specialization of the national economy. By 1989 the branches of group A here (the military-industrial, fuel-energy, metallurgical, machine building, and chemical-timber complexes) accounted for more than 70 percent of the gross national product. Immense quantities of their output went to other republics and CEMA countries, and also to the West. The share of the agro-industrial complex was only 15.2 percent. For comparison: in the Baltic countries it exceeded 50 percent. And about two-thirds of what was produced was consumed locally.

The center did not devote the proper attention to Russian agriculture. Farms of Russia received less in capital investments, fertilizers, technical equipment, manufactured concentrated feeds, construction materials, and energy resources per 100 hectares of arable land. The capital availability for agriculture in Russia, for example, was 12 times less than in the Baltic region. The disparity was just as great in the levels of land reclamation (88.5 percent in Lithuania and 6.2 percent in the RSFSR), the provision of natural gas, and social structuring of the rural areas. For this reason there were more and more ghost towns that had lost their able-bodied population. The demographic crisis became irreversible in a number of regions. And the demand for food products in Russia was covered through three sources: its own production, deliveries from Union republics, and

imports. The last two items provided for more than a third of all the consumption.

Such were the starting conditions for the agrarian reforms. It seems that because of these, the collapse of the Union and previous ties dealt an especially painful blow to the food supply for Russians. Well, one learns from one's mistakes. Of course it would be better to learn from others'. But since this is the way it has turned out....

In other words, it is necessary to restructure the entire economy, assigning a larger role in it to the agro-industrial complex. But it seems that once again life has not taught us a thing. The share of the agro-industrial complex in the national economy not only is not growing, but is rapidly decreasing. And it is not difficult to guess the result: a rapid collapse of production. In terms of per capita consumption of meat and milk, we have dropped back to the 1965 level. The number of Russians is decreasing. In 1992 the natural attrition amounted to only 200,000 people, while the preliminary estimate for this year was about 600,000.

And still today there is not even the smallest significant social group of the population that would be against the reforms. Debates about how to conduct them are another matter. Throughout the year, over 500 days, or according to the Stolypin method: "Leave me alone for 20 years and I will make Russia prosperous"?

During three years of reforms, about 170 million hectares of arable land have been turned over to the ownership of agricultural commodity producers. A multiple-system economy is being created. Hundreds of thousands of peasant farms have been registered. Millions of city dwellers have received garden plots and orchards, and land is being allotted for residential buildings. The system of administration is changing. There is no longer the previous dictatorship from the center. What to plant, what production structure to have, how to use profit—these things are being decided by the people themselves. This is good.

The only problem is that the rural areas are continuing to decline from day to day. And one cannot agree with those who justify this rapid collapse. They say that it is necessary to pay for the reforms. The experience of other countries does not confirm this. In China during 12 years of reforms, the gross agricultural output increased 2.2-fold, meat production—3.7-fold, fish production—2.8-fold, and sugar production—3.5-fold. These reforms were based not on ideological but on economic principles. The Chinese say: "The color of the cat makes no difference as long as it catches mice."

Instead of having a clear-cut concept of our own, we are inclined to borrow others' models. Hastiness in the development of legislative and normative documents and standard formulas for reform of all of the immense area of Russia without preliminary checking in various regions has led to mistakes and pro forma actions.

One of them was the attempt to solve the food problem solely through deep reformation and change in the forms of ownership and management. We must be realistic. This alone will not stabilize production or increase its effectiveness. Especially when deliveries of technical equipment, fertilizers, and construction materials to agriculture are being catastrophically reduced. When procurement prices for agricultural products are growing much more slowly than the prices of industrial products for rural areas. Because of the lack of equivalence in exchange, rural areas are failing to receive hundreds of billions of rubles.

With the destruction of the state procurement system, numerous middlemen and speculators attach themselves to rural commodity producers like barnacles on an old ship. Rural residents sell their goods for three to five times less than we buy them for in the stores. As we can see, it is by no means the agricultural workers who are to blame for the high retail prices.

Because of the impoverishment of the masses, even the significantly curtailed production remains largely unconsumed. In many regions of Russia, an immense quantity of butter, meat, grain, and potatoes has accumulated in the warehouses. At the same time, the state continues to buy them abroad at higher prices.

The government is ripping off the rural residents, forcing them to sell grain at prices set from above without paying for it. At the same time, peasants today have to pay in advance for every nail, while for products that are produced the prime minister is promising that by the new year a maximum of 80 percent of the debt of more than 2 trillion will be paid. By that time the ruble will be worth even less.

In the past the peasantry took on the job of accelerated industrialization and restoration of the national economy destroyed by the war. Today an attempt is being made to make it responsible for emerging from the financial crisis. But even Adam Smith said that the country gives the city exactly the same amount as the city gives the country. High prices of industrial goods and high taxes have sharply reduced investment activity and have blocked structural changes in the agro-industrial complex which are necessary for the formation of a market. And this predetermines the long-term tendencies toward decline of production.

The already weak social sphere of the rural areas is being destroyed. But perhaps the most terrible thing is the degradation of the production and scientific-technical potential and the fertility of the soil. The gene pool of the animals, breeding work, and seed growing are being destroyed, and production construction has been reduced many times over. Fixed capital is aging, and the load per tractor and combine is increasing. Capacities and work force are engaged in repair of machines and equipment just as they are in agricultural machine

building. A process of physical disintegration of productive forces has begun, and the demand for scientific and technical products is decreasing.

Nonetheless, the state refuses to grant subsidies to agriculture. Although in the West, even with a surplus of foodstuffs, the governments grant immense subsidies to the farmers. Incidentally, in developed countries, approximately half of the increase in production of food products comes through technical progress.

Government leaders justify their policy with respect to agriculture by saying that the state has no funds. Although it is known that the enterprises and citizens pay immense taxes. Prices, apartment rents, and the costs of other services have increased many times over. Energy resources, timber, and metal are being exported in considerable quantities to nearby and distant foreign countries.

There are many holes. They include the bloated state apparatus, which has occupied not only all republic buildings, but also the buildings of the former Union ministries and departments. Numerous bureaucrats of the state apparatus are receiving wages that are several times higher than those of world-renowned scientists.

Today a large proportion of the members of government, especially deputy prime ministers, are bending over backwards—they travel through foreign countries trying to scare up a billion and a half or two billion dollars in credit. At the same time, with the help of their own government, funds of Russian entrepreneurs amounting to more than \$20 billion a year are sitting in Western banks. Creating an economic mechanism that would make it possible to motivate our entrepreneurs to invest this money in Russia's economy—this is what our government should be working on.

And another large financial source would be to demand repayment of debts from republics of the former Union. After the proclamation of sovereignty by the parliament of Russia in 1990, there was the hope that we would become the masters of our own wealth, that we would develop the economy on the basis of our own advantage and determine an efficient specialization. Then the peoples of the former Union would know who is who. Because relations among independent states should be arranged on an equivalent basis and their well-being should be made directly dependent on labor productivity and the generation of capital as the basis of social justice. After all, it is known that of all the republics of the former USSR, only Russia previously had a positive balance in interrepublic exchange, and in 1989 it was more than \$50 billion.

Alas, Russia is continuing to supply its neighbors with energy sources, raw materials, and processed materials at extremely low prices. Because of the differences in prices (world and transfer) it annually loses \$17 billion.

With this kind of state foreign economic policy, where are we supposed to get the money to repay our debts to rural workers? Here it is necessary to resort to deception

or, rather, get involved in the state rackets with respect to our peasants. Because we are not used to paying them their due. At the end of the 1920's, Stalin spoke about tribute from the rural areas as a temporary measure. Today this is considered to be an ordinary phenomenon: the peasant can be patient a little longer for the sake of the reforms. He has already been patient for 75 years!

The agrarian crisis will continue unless the attitude toward it changes.

Do not neglect the disease, esteemed state leaders!

Warnings of Land Degradation, Erosion

944K0456A Moscow ZEMLYA I LYUDI in Russian
No 46, 19 Nov 93 p 5

[Article by G. Vasilyev: "Agricultural Fields Under Threat of Depletion"]

[Text] One of the main objectives of conducting land reform in Russia is to stop the processes of land degradation. However, today these processes have even become accelerated. This is convincingly corroborated by data prepared by a Roskomzem [Russian Committee on Land] state (national) report concerning the condition and use of land in the Russian Federation.

It will be recalled that there are 222.3 million hectares of agricultural fields in Russia, including 132 million hectares of arable land, 62.5 million hectares of pastures, and 26.8 million hectares of hayfields. A substantial part is subject to various types of erosion, and tens of thousands of hectares are being destroyed by gullies. Almost all of the plowed land of the North Caucasus and the Volga region are eroded or threatened with erosion. This same situation has developed in the Chernozem area in Ukraine. Every fourth hectare of arable land in Western Siberia is eroded.

Because of water erosion alone about one-tenth of arable land has lost 30-60 percent of its fertility, and about one-fourth of the arable land—from 10 to 30 percent. Meanwhile, the volume of antierosion measures in 1991 compared with 1988 fell by a third. In 1992, 11,000 hectares of windbreaks were established on arable land, in 1985, 24,000 hectares. The volume of work on laying antierosion plantings in narrow gorges, gullies, sands, and other land unsuitable for cultivation decreased by one-third.

Annual humus losses on each hectare of arable land throughout Russia amounts to an average of 0.62 tonnes. They are especially high in regions situated in the steppe zone. Thus, in Samara, Chelyabinsk, and Orenburg Oblasts, Bashkortostan, and the Kabardino-Balkar Republic these losses amount to 0.8-1 tonne. It is calculated that to create a positive balance of humus in arable land it is necessary to introduce 1-1.2 billion tonnes of organic fertilizer annually. At the present time, only one-third of this amount is covered.

A reduction in work on soil liming also has a negative effect on soil fertility. While in 1986 42 million tonnes of lime was applied, only 26 million tonnes were applied in 1991.

More than one-fourth of the hayfields and 9 percent of the pastures are in a waterlogged condition. Also in this state are 5.7 million hectares of arable land.

There has been a noticeable deterioration in recent years in the state of affairs in land reclamation. Operational repair work on functioning water management systems is far from being fully carried out. And this has a negative effect on their technical level and the output of improved sectors. More than half of the irrigated lands (about 3,500 hectares) need additional work on improving their qualitative condition. There is a need to redesign the drainage network over an area of more than 240,000 hectares.

The figures cited in the state report once again indicate that major capital investments on the part of the state are necessary to make up for the diminishing fertility of the land. Agricultural enterprises and peasant farms are not now able to cope with this difficult task under conditions of inflation and acute shortage of resources. Only substantial state support in combination with improvements in land and economic relations in the village will help them to increase crop harvests and strengthen the fodder base for livestock raising.

Criminal 'Privatization' of Moscow Apartments on Rise

944E0330A Moscow VEK in Russian
No 49, 17-23 Dec 93 p 8

[Article by Natalya Nikulina: "He Left Moscow. For His Own Funeral: Privatized Housing Has Become a Victim of Criminal Business"]

[Text] Since the beginning of the year, 1,299 persons have disappeared without a trace in Moscow—almost twice as many as last year. A considerable number of them were legal residents of Moscow, had privatized their housing, and were single. Putting their signature on the document formalizing a swap or sale of their apartment, these people effectively signed their own death sentence.

An unrealized tragedy was unfolding in front of my very eyes. Close to one another, in a row, some men and women sat across the desk from Viktor Kasyanenko, chief of the operational investigations department of the city of Moscow GUV D [Administration of Internal Affairs], and his staff. They were discussing some tangled routine story: a fictitious marriage, apartment privatization, official replacement of a primary tenant, a female hostage, the OMON [Special Purpose Militia Detachment], a complex three-step (or more) housing swap through a single broker, one of the "swappers" convicted three times for apartment burglary... Frankly, I understood little of what I heard. One thing was clear: as a

result of this "swap," two families had been left without a place to live. As to the broker, having made profit on the deal and having sold other people's apartments at a premium, he had disappeared in the huge city.

"All right, that is it!" Kasyanenko summarized the hour-long conversation with the victims. "Leave a written explanation and go in peace. You have claims against one another—handle it through the court."

In truth, however, until recently people's courts did not even accept claims from victims in these matters, and they are only now shifting into gear. The city procuracy keeps a watchful eye on swindling associated with the housing privatization. Rayon procurators, on the other hand, try to avoid dealing with such matters. So it appears that apparently nobody is interested in this except for Kasyanenko and his colleagues, who are shoveling through the criminal consequences of the ill-conceived privatization of housing in Moscow.

This incident from the life of 38 Petrovka Street unfortunately is typical of the work of operational investigations department detectives and the 2d Criminal Investigations Administration of the GUV D; it is, however, far less dramatic than those they encounter on a daily basis. A hunt by criminals for owners of privatized housing in Moscow is in full swing. You can judge for yourself the "fat" in this new trade: a one-room apartment costs 20-30 million rubles [R]; a two-room one—R40-60 million; and a three-room one—about R100 million. The crazy money blows the mind of those who had just recently made a "model" living by theft, racketeering, and car theft. Selling other people's apartments turns out to be much more profitable, and criminals involved in this are willing to go to any length: swindling, extortion, and then, as a rule, criminal disappearance of the dwelling's owners. Apartment owners are threatened verbally; they are tortured and subjected to physical violence; they are force-fed alcohol (sometimes even technical grade) in enormous quantities. The criminals also use psychotropic substances that cause death. Most often the victims are single and elderly people, whom Moscow detectives already have included in a "high-risk group." There are currently almost 9,000 of them in the capital, and almost all of them have privatized their apartments. Although, judging by all signs, any one of us may get caught in the privatization meat grinder. According to the department staff, not only the elderly but entire families that decide to swap or sell their housing disappear without a trace. We can also count among potential victims those who have surrendered residence permits for their privatized apartments and then disappeared without a trace.

Really, who would believe the "tale" that Vera Nikolayevna T-va, an orphan who has no family and in all her 72 years had never (!) left Moscow, suddenly decided to settle in a Tver area village, having first privatized her three-room apartment in the center of Moscow?! This "tale" was told to the department staff by new black-mustached owners of the spacious dwelling, against

whom a criminal case has now been initiated. So far, however, grandma Vera has not been found either in Moscow or in the remote village.

Among the persons missing since 5 November was 50-year-old Muscovite M-ein. Her body was recently discovered in the woods in suburban Moscow. In the course of preliminary investigation it has been established that M-ein made the acquaintance of two men, who offered to buy her apartment. As soon as the woman signed the sale contract and handed over all the documents to the buyers, they got her into a car under some plausible pretext and while driving forcibly injected her with a psychotropic medication, from which the poor woman died.

Criminal proceedings have been initiated again V-a, an apartment swindler who bought up apartments in Moscow using fake documents. In addition, two persons have disappeared through the actions of the swindler.

Among the disappeared is a woman who used the services of the Stolitsa joint-stock society in swapping her apartment. There are hundreds, if not thousands, of such firms in Moscow. Their "will buy-sell-rent-swap" ads fill newspaper pages and cover all the poles and glass enclosures at bus stops around Moscow. They offer bait—one sweeter than the next—to irresponsible naive owners of super-expensive Moscow housing. One firm offers free privatization and expedited processing. Take note, absolutely "free"! And why such generosity all of a sudden? Another corporation quite seriously promises "comfort at the time of the deal and for the rest of your life." How long will that life be, however, for those who take advantage of such questionable offers? For instance, MUR [Moscow Criminal Investigations Department] officers detained the head and staff members of the Help Center. They killed, strangled, shot to death, and then burned people who entrusted them with their privatization documents. Over a short period of time these criminals dispatched to the other world many gullible Muscovites.

According to expert estimates, the entire territory of Moscow is divided into spheres of influence among criminal groups specializing in the apartment "business." Each such group has reconnaissance agents, paid informers, and shock-troopers—those who carry out "death sentences" and those who work only with documents (counterfeiting, fabrication of signatures, seals, texts, etc.). Drawn into the orbit of this horrible bloody "business" are employees of housing management offices, passport desks of housing offices and rayon departments of internal affairs, prefecture, civil registration office, and military draft office clerks, doctors issuing fake medical certificates, notaries who formalize privatization and issue power-of-attorney for apartment buying and selling, and militia personnel in territorial departments of internal affairs. In short, the stratum of middle-level office personnel, whose members we encounter on a regular basis. And from whom, by the way, one rarely gets on the first try "certification of a

certificate." This should not be surprising: for a bribe, some office employees (and a considerable number of them, by the way) without properly checking privatization documents will register people in and out of the city without having them to appear in person.

So the rumors that circulated in Moscow in the summer—about alleged militia-housing office gangs killing single apartment owners—are being partially confirmed. Of course, the criminals do not walk around buildings carrying guns and axes. They do not need to do so. It is quite enough that these clerks have information about the tenants of their territorial unit, that is, each of us. As you may well see, such information costs a lot these days. More than someone's life even. In my presence, two passport clerks from a Moscow militia precinct and three employees of a housing office in the same territory were brought to 38 Petrovka. Criminal proceedings have been initiated against all of them on charges of falsifying privatization documents and "selling" information about owners of privatized housing. A militia major—a passport desk officer—has apparently been detained on the same charges. What do these people—and people like them overcome with greed—care that on the basis of this information a Kuntsevo-Solntsevo criminal group has tortured to death several people, having first obtained under torture their signatures attesting to selling their housing. Gypsy gangs also rage. They kidnap unfortunate apartment owners and take them to their encampments. Through torment and torture they extract signatures attesting to the sale of their housing. A notary present during this horror immediately certifies the document. After which the former owner disappears forever, while a new owner of the square footage moves into his apartment.

An out-of-town woman recently came to the operational investigations department; she said that she had not heard from her distant Moscow relative for quite a while. She finally came to Moscow herself, and discovered that completely different people lived in the apartment. The old man had allegedly moved, first having sold his dwelling. But where would the poor guy go, considering that he does not have any kin closer than the woman? The detectives sorted the situation out quite quickly. The old man fell for the bait in a newspaper ad: such and such company will rent an apartment for its employees; payment in hard currency guaranteed. They struck a deal; fed the old man some foreign food and even showered him with "greenbacks" at first. Then they talked him into signing a contract that he, the old man, would receive life-time maintenance in exchange for the apartment. Why do you need all this space, they said? Sell it to us, and in return we promise to keep you supplied with good food and when the time comes, will bury you with a ceremony. The old man happily agreed and signed all the papers in the presence of a notary. Now other people live in his apartment. And quite legally, as supported by the documents shown to the detectives. From these documents it follows that the apartment was sold to them by some brokerage firm

which at this point has "liquidated itself." As to the old man, they heard that he had left Moscow. Where did he go, one wonders? To his own funeral perhaps?

MVD Said Suspicious of Moscow Police Support 'Program'

PM2212145793 Moscow ROSSIYSKAYA GAZETA in Russian 22 Dec 93 First Edition p 3

[Stanislav Yuryev article: "'Program' Against Racket, MVD Against 'Program'"]

[Text] Everyone fears a racket. Pragmatists submit to it and pay up the set tribute, realists draw up their defenses, and romantics wait for help from the state. Which of them are best protected? Moscow today is like a postwar Moscow: people blow up vehicles and apartments and cut down traffic inspectors and detectives with bursts of rifle fire. But the militia is worse equipped than the organized criminals, the engines of its vehicles are less powerful, and everything is painfully reminiscent of scenes in Govorukhin's unforgettable movie "The Meeting Place Cannot Be Changed," in which brave officers of the Moscow Criminal Investigation Department in a low-powered militia bus chase after the bandits' powerful truck.

Moscow's modern militia does not appear heroic against the background of this combat panorama. They know that they are backed by a sickly city budget and that the future holds for them the grim fate of being invalids if they are unlucky. You cannot speak of strength of spirit.

But some obstinate people have come along who are prepared to change the situation. They have organized a public organization—"The Program of Social Protection for Professional Groups at Increased Risk"—with the task of giving social and technical assistance to the Moscow Internal Affairs Main Administration Regional Administration for Organized Crime [RAOC]. "Program" was registered in May of this year and has already done some things: the lives and health of all the personnel of the service and its district departments have been insured for a sum equivalent to \$10,000 per employee; payments of 20,000 rubles [R] are made for every underage child and R5,000 for medical supplies for family members; office equipment and an imported minibus have been handed over; and a two-room apartment has been purchased for measures to be taken to protect witnesses and victims. In addition, "Program" holds competitions in subunits for the best in the profession and pays the winners R200,000 each. "Program" leader A.M. Kachur (a candidate of juridical sciences and a former militia colonel) maintains that it is capable

of creating technical backup for the RAOC up to the standards of the German police, if not better.

In the social and historical aspects "Program" is based on the traditional Russian idea of self-management, whereby society's efforts are directed toward resolving a particular very important task. Kachur has persuaded a number of prominent financiers and entrepreneurs to participate in "Program." His reasoning was founded on a simple argument: They must have an interest in winning the fight against organized crime, and it is possible to achieve success by joining forces.

With "Program's" help the outflow of cadres from the RAOC has been entirely stopped in the space of six months. Kachur claims that the RAOC is today in a position to protect anyone who asks it for assistance.

Everything is splendid, you might think. Particularly as Moscow Mayor Yu. Luzhkov approved and supported "Program's" activity in his directive of 19 October this year, seeing that it had provided an opportunity to improve the situation in the capital.

But it has rightly been noted that Moscow is still not Russia. As though confirming the tenacity of the Russian tradition of officials' rejecting manifestations of self-management, the MVD [Ministry of Internal Affairs] Main Administration for Organized Crime unexpectedly regards "Program's" activity with great suspicion. Why? Many people see this as professional envy, but they also do not rule out more serious interests, which are now being attacked by the Moscow regional administration.

There really is some mystery concealed in the Ministry's rejection of "Program." We will not undertake to fathom it at once, but maybe we will be able to unfold this MVD secret before our readers in the very near future.

DELOVOY MIR Economic Statistics, 8 December

944E0319A Moscow DELOVOY MIR in Russian 8 Dec 93 p 4

[Economic statistics report by Valeriy Galitskiy, Aris Zakharov, and Aleksandr Frenkel, Russian State Committee on Statistics: "...While Life Gets Increasingly Expensive"]

[Text]

Prices of Consumer Goods and Services

The increase in prices of consumer goods and services the last week of November of this year amounted to 2.2 percent, including 2.0 percent for food products and 2.5 percent for nonfood products and paid services for the populace.

Weekly price change indices for consumer goods and services in November of this year are characterized by the following data:

	2 Nov	9 Nov	16 Nov	23 Nov	30 Nov
Rate of price growth for basic goods and services	103.2	103.1	103.4	102.9	102.2
including:					
food products	103.0	102.8	103.4	103.1	102.0
nonfood products	102.2	103.7	103.3	102.5	102.5
paid services for the populace	108.9	102.7	103.7	103.6	102.5

Price increases over the month for 70 main food products amounted to 15.1 percent. By the end of the month, prices for meat and meat products, sugar, flour, bread, and bakery products had stabilized. At the same time, price increases during the last week of the month for eggs, cereals, macaroni products, and vegetables were maintained at the 4-6 percent level.

Potatoes, vegetables, and fruits increased in price by 5-8 percent in city markets the final week of November. Prices for meat output remained virtually unchanged.

The increase in prices of nonfood products in November amounted to 15 percent. The cost of fuel for the populace and knitted wear increased by 2.5-2.8 percent, of footwear and cultural and domestic commodities—by 1.5-1.8 percent. Most noticeable at the end of the month was the increase in garment prices—by 3.3 percent.

The increase in prices of paid services for the populace this past month significantly surpassed the overall dynamics of consumer prices, amounting to 23.2 percent. Rates for dry cleaning and bathhouse services increased by 6-8 percent over the week. Rates for the

remainder of services subject to regular monitoring remained virtually unchanged the past week.

Consumer Market Conditions

According to selective sampling data in the stores of capitals of republics within the Russian Federation and okrug, kray, and oblast centers, the saturation observed in stores in November with respect to beef, sugar, butter, and sunflower oil increased by 3-11 percent. With respect to milk, this index decreased by 3 percent, eggs—by 10 percent.

As compared with the end of October of this year, the saturation level at food stores increased in 39 cities (of 83 under observation), including by 3-17 percent in 36 cities and 25-30 percent in four (Vologda, Ryazan, Yaroslavl). The level decreased in 32 cities, including by 3-8 percent in 20 cities, and by 12-31 percent in 12. Stores in 12 cities remained at their previous level of saturation with respect to food products.

Data (in percentages) characterizing the market situation with respect to basic food items as of 29 November of this year are as follows:

	Proportion of the total number of cities under observation where the product			
	could be purchased freely without standing in line	could be purchased after standing in line or upon presentation of coupons	was not available for sale	was not available for sale as of 1 November (for reference)
Beef	30	5	65	67
Cooked sausage	83	-	17	13
Milk	66	5	29	26
Butter	78	3	19	8
Eggs	65	2	33	25
Sunflower oil	43	5	52	63
Sugar	71	5	24	31

The situation in the market of nonfood products in everyday demand is as follows: washing machine detergent was unavailable in the stores of 57 percent of cities, toilet soap in 47 percent, toothpaste in 40 percent. Sales of toilet soap and toothpaste over the past week diminished by 5 and 15 percent, respectively. Sales of washing machine detergent rose by 17 percent. In Bryansk, Kaluga, Elista, Grozny, Novosibirsk, Tyumen, Abakan, and Yuzhno-Sakhalinsk, the saturation coefficient with respect to these items was 1.3-1.7, as opposed to 2.4 across Russia on the average. In

Kyzyl, Magadan, Aginsk (Aginsk Autonomous Oblast), and Ust-Ordynsk (Ust-Ordynsk Autonomous Oblast), these products were entirely unavailable for sale.

Agriculture

Formation of seed stocks is under way at agricultural enterprises. By the beginning of November, 10.0 million tonnes of spring grains and leguminous crops were on hand (96 percent of requirement). As was the case last

year, the great shortage of soy seeds (63,000 tonnes, 50 percent) is making itself felt. Some 2.2 million tonnes of

seed potatoes were laid in store—82 percent of the necessary quantity.

	Seed on hand as of 1 November 1993		Reference data
	tonnes	percentage of the requirement of farms	seed on hand as of 1 November 1992, percentage of requirement
spring grains (not including corn)	10 million	96	97
including:			
wheat	2.95 million	98	100.4
buckwheat	111,000	81	94
millet	48,000	92	90
rice	52,000	77	81
legumes	825,000	84	80
Soy	63,000	50	75
potatoes	2.2 million	82	91

A grouping of agricultural enterprises by degree of provision with seed shows that the proportion of farms experiencing shortages of seed for spring grains and leguminous crops increased from 26 percent last year to 33 percent this year, for seed potatoes—from

55 to 60 percent. One out of eight farms was supplied with spring grain seed at the level of 60 percent of requirement or less. Almost half the agricultural enterprises of the Russian Federation were at this level with respect to potatoes.

Degree of provision, percentage of requirement	Seeds of spring grains and leguminous crops			Seed potatoes		
	As of 1 November 1993		As of 1 November 1992 (reference)	As of 1 November 1993		As of 1 November 1992 (reference)
	Percentage of total number of farms	Seed shortage, tonnes	Percentage of total number of farms	Percentage of total number of farms	Seed shortage, tonnes	Percentage of total number of farms
up to 20	5.8	214,000	5.7	33.7	271,000	30.2
20.1-40	2.6	149,000	2.0	6.1	134,000	4.1
40.1-60	4.5	228,000	3.2	7.2	128,000	6.1
60.1-80	7.5	259,000	5.2	7.5	99,000	7.5
80.1-99.9	12.4	147,000	9.5	5.7	33,000	7.0
100 and greater	67.2	-	74.4	39.8	-	45.1
Total	100	997,000	100	100	665,000	100

Only 37 percent of farms have the necessary quantity of seed for spring grain crops in Chita Oblast; approximately half in Penza, Samara, Saratov, Kurgan, Orenburg, and Novosibirsk Oblasts; 63-71 percent in Chelyabinsk and Omsk Oblasts, Stavropol and Altay Krays, and Bashkortostan.

A significant shortage of seed potatoes is being felt at farms of Russia's non-Chernozem Zone, where the level is 407,000 tonnes (16 percent) short of the full requirement. Only one-fourth of the farms are fully provided with seed potatoes in Smolensk and Sverdlovsk Oblasts and in Bashkortostan; one-third in Pskov, Vladimir, and Moscow Oblasts, and in the republics of Mordvinia and Udmurtia; about 40 percent in Kaluga, Tula, and Nizhniy Novgorod Oblasts; 20 percent in Vologda and Perm Oblasts.

Preparedness of the National Economy for Operation Over the Winter Period

This year the preparedness of the Russian Federation economy for operating under winter conditions, as has been the case the past two or three years, is observed against the background of diminished fuel production, reduced volumes of fuel deliveries, and a lag in the commissioning of energy facilities and housing and municipal services facilities.

At storehouses of mines and coalfields, 18.4 million tonnes of coal (8.1 million tonnes more than the norm) were stored as of 1 November. This is 36 percent greater than was the case 1 November of last year. Some 433,000 tonnes of furnace fuel oil were on hand (48 percent less). Coal supplies on hand with consumers amounted to 44 million tonnes, furnace fuel oil—9.6 million tonnes.

These levels are 14 and 7 percent less, respectively, than as of 1 November 1992. Judging from the experience of prior years, these fuel levels are sufficient to operate enterprises and organizations for one and a half months.

Coal reserves at enterprises of the energy sector, metallurgy enterprises, storehouses of rayon (city) fuel sales centers, and housing and municipal services boiler facilities as of 22 November this year are characterized by the following data:

	Coal			Furnace fuel oil		
	tonnes	consumption days	percentage of 15 Nov 93 level	tonnes	consumption days	percentage of 15 Nov 93 level
Total reserves	26,727,000	34	94	3,481,000	29	84
including:						
at energy sector enterprises	21,850,000	42	93	2,849,000	25	82
at metallurgy enterprises	1,804,000	15	105	414,000	32	92
including for coking	813,000	9	104			
at housing and municipal services boiler facilities	678,000	58	94	218,000	31	99.2
at storehouses of rayon (city) fuel sales centers	2,395,000	22	93			

At the same time, coal at energy sector enterprises of the republics of Khakassia and Sakha (Yakutia) remained at the two-day operational level. Less than the one-week operational level was in store at housing and municipal services boiler facilities of Volgograd Oblast and the republics of Bashkortostan and Altay. About 40 percent of Russian Federation territories had sufficient coal to supply the populace and the social sphere for a period of less than 15 days, including a two-seven day level in

Orel, Tula, Astrakhan, and Chelyabinsk Oblasts, the Republic of Mordvinia, and Altay Kray.

Wages

The average wage of workers in October of this year amounted to R93,000 [rubles], a 10.5-fold increase over October of last year and a 15-percent increase over the level of September of this year. Consumer prices for goods and services increased 12-fold and by 20 percent, respectively.

	January-October 1993	October 1993 alone	January-October 1993 increase as compared with January-October 1992	October 1993 as compared with September 1993, percent
Average wage of workers, rubles	46,900	93,000	10.2-fold	115
including:				
industry	51,300	101,200	9.5-fold	116
agriculture	27,600	52,700	10.1-fold	104
construction	65,700	131,800	10.6-fold	113
transportation	69,500	138,800	10.5-fold	114
public health, physical training, and social security	35,300	65,500	11.4-fold	104
public education	32,500	59,200	11.5-fold	104
art and culture	27,800	50,700	11.4-fold	109
science and scientific services	29,900	57,700	10.9-fold	115
credit and insurance	96,900	201,600	12.6-fold	126
apparatus of governmental organs	55,500	105,400	12.4-fold	122

The wages of workers in the gas industry came to R291,400 in October of this year, oil production workers—R264,200, coal industry workers—R213,100, and machine-building workers—R74,800.

For most regions in October, the increase in prices over September levels outpaced the increase in wages. A significant gap (10-19 percentage points) was observed in Arkhangelsk, Vladimir, Ryazan, Lipetsk, Volgograd,

Penza, Saratov, Ulyanovsk, Orenburg, Kemerovo, Omsk, Tyumen, Irkutsk, Chita, Amur, and Kamchatka Oblasts, in the republics of Mordvinia, Kalmykia, Dagestan, Udmurtia, and Chuvashia, and in Altay Kray.

Preliminary estimates indicate that the average wage in the Russian Federation economy in November of this year will have constituted R105,000, an increase of 13 percent over October of this year, while prices for consumer goods and services rose 15 percent.

Enterprise Indebtedness

Credit indebtedness on the part of industrial and agricultural enterprises and construction and transportation organizations under observation as of 1 October amounted to R32 trillion. Of this amount, R8.7 trillion, or 27 percent, constitutes delinquent indebtedness. The greatest proportion of delinquent indebtedness was seen in enterprises of the forestry, woodworking, and pulp and paper production industry (39 percent), chemical

and petrochemical industry (41 percent), microbiology (43 percent), coal (44 percent), and gas (52 percent) industries.

The greatest portion (72 percent) of delinquent credit indebtedness comprises indebtedness to suppliers. The volume dynamics of delinquent indebtedness to suppliers by sector of industry and construction are characterized as follows (in rubles):

	As of 1 Aug 93		As of 1 Sep 93		As of 1 Aug 93	
	Total	Including delinquent indebtedness	Total	Including delinquent indebtedness	Total	Including delinquent indebtedness
Total in industry	8.527 trillion	3.368 trillion	10.184 trillion	4.066 trillion	14.092 trillion	5.209 trillion
Including:						
electric power	519 billion	152 billion	612 billion	201 billion	1.092 trillion	264 billion
fuel industry	2.380 trillion	943 billion	2.966 trillion	1.293 trillion	4.028 trillion	1.587 trillion
ferrous metallurgy	789 billion	334 billion	1.014 trillion	439 billion	1.447 trillion	657 billion
nonferrous metallurgy	679 billion	255 billion	770 billion	270 billion	955 billion	297 billion
chemical and petrochemical industry	890 billion	442 billion	1.098 trillion	569 billion	1.370 trillion	686 billion
machine building and metalworking	1.298 trillion	504 billion	1.594 trillion	601 billion	2.150 trillion	805 billion
forestry, woodworking, and pulp and paper industry	419 billion	242 billion	356 billion	165 billion	479 billion	222 billion
building materials industry	185 billion	90 billion	245 billion	115 billion	338 billion	130 billion
light industry	195 billion	69 billion	225 billion	84 billion	305 billion	90 billion
food industry	706 billion	207 billion	739 billion	175 billion	1.086 trillion	249 billion
construction	987 billion	334 billion	1.125 trillion	429 billion	1.680 trillion	509 billion

The greatest increase in delinquent indebtedness to suppliers in October of this year was observed at enterprises of the glass, porcelain, ceramics, and pottery industry—by a factor of 2.1; in ferrous metallurgy, the flour-grinding, cereals, and mixed fodders industry—by a factor of 1.5; in the food industry—by a factor of 1.4. At the same time, the growth rate did not exceed 12 percent for ferrous metallurgy, the building materials industry, and light industry. The proportion of industrial enterprises with delinquent indebtedness to suppliers as of 1 October of this year comprised 40.5 percent, as opposed to 45.9 percent as of 1 September of this year.

The significant volumes of delinquent credit indebtedness are related to the presence of debit indebtedness.

As of 1 October of this year, the entire amount of debit indebtedness amounted to R28.0 trillion, of which R10.1 trillion, or 36 percent, was delinquent indebtedness. The greatest share of delinquent indebtedness is attributable to the indebtedness of purchasers—R8.9 trillion, or 88 percent.

The greatest proportion of delinquent debit indebtedness was observed in the oil refining, microbiology, forestry, woodworking, and pulp and paper industries (47 percent), in ferrous metallurgy (48 percent), and in the gas (52 percent) and coal (55 percent) industries.

Due to a lack of their own financial resources, enterprises are resorting to credits. The total volume of indebtedness with respect to bank credits for sectors under observation as of 1 October of this year amounted to R6.5 trillion, including R3.0 trillion, or 47 percent, attributable to nonstate enterprises.

The absence of regulation with respect to mutual accounts settlements between enterprises and with the budget exerts an influence on their financial stability.

The solvency of observed enterprises and organizations of industry and construction is characterized by the following data:

	Monetary assets, percentage of delinquent indebtedness to suppliers				
	As of 1 January 1993	As of 1 April 1993	As of 1 August 1993	As of 1 September 1993	As of 1 October 1993
Total	78.2	102.1	91.5	79.8	79.3
including:					
industry	79.3	107.1	95.5	83.9	81.7
construction	67.2	52.9	50.6	40.9	55.4

Credit investments in the Russian economy (not including credits of the Russian Federation Savings Bank) as of 1 November of this year, according to current operating data of the Central Bank of Russia, amounted to R19.6 trillion, an increase of 17 percent over October (15 percent over September). Of the total volume of credit deposits, short-term loans comprise 96 percent. This represents a one-point percentage increase in their share as compared with the beginning of the year. The average term of offered credits is two to three months. Trading in "super-short-term" credits (from a few days to one month) in the credit and stock markets is becoming more prevalent.

The main source of resources for commercial banks has traditionally been attracted resources (over 90 percent), of which more than one-fourth are attributable to funds of enterprises and organizations (in settlement accounts, current accounts, other accounts), deposits, and investments; one-fifth are attributable to interbank credits. Centralized credits of the Bank of Russia comprise 84 percent of the latter.

The remainder of the indebtedness of commercial banks to the Central Bank of Russia with respect to centralized credits extended to enterprises and organizations in accordance with federal programs comprised R7.9 trillion as of 1 November of this year, an increase of 6 percent over October (2 percent over September). Their share of the total volume of credit deposits decreased from 44 percent as of 1 October of this year to 40 percent as of 1 November.

Since 15 October of this year, the interest rate of the Bank of Russia for centralized loans was raised from 180 percent to 210 percent. With an increase in the prime rate, interest rates for loans afforded by commercial banks to their clients have also increased.

Statistics on General Indebtedness for 1992-1993

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No 241, 29 Nov-5 Dec 93 pp 8, 9

[Article by Andrey Illarionov, director of the Analysis and Planning Group of the Chairman of the Russian Federation Council of Ministers: "The Closer to the Market—the Less the Suffering"]

[Text] According to the most recent data—on 1 October—the volume of total indebtedness for products shipped is 16.5 trillion rubles [R]. There is no sense in talking about the entire amount of indebtedness, though, since it also includes the part of it which is related to the passage of

payments. The problem worrying everyone is the outstanding debt in industry—the main object of the non-payments. On 1 October it was R6.9 trillion.

Indebtedness in the Mirror of Statistics

If we recall the "peak" of the non-payment crisis—last summer—it turns out that in absolute figures, the amount of the outstanding debt doubled: on 1 July 1992 it was R3.2 trillion. During this 18-month period, however, prices rose over 10-fold. Consequently, the outstanding debt, on a relative scale, not only did not increase, but even dropped. The indicators characterizing the relative proportion of non-payments in the national economy also indicate this trend.

The relative proportion of outstanding debt in the entire amount of indebtedness during last year's non-payment crisis was 61-62 percent, but after the introduction of pre-payments and carrying out reciprocal setoffs, it dropped to 49-46 percent, and in January 1993 it was 42 percent. It remained at this level until October of this year.

The next indicator makes understandable the way in which outstanding indebtedness relates to the entire industrial output. In August of last year the indebtedness exceeded the amount of goods produced by a factor of 2.6. In December of last year this indicator was 135-140 percent. It held at this level for the last 10-11 months: the figure for 1 October is 137.5 percent.

A characteristic indicator is the relative proportion of outstanding debt to the gross domestic product. At the "peak" of non-payments it was 1.7 percent of the VVP [GDP]. In the autumn, after carrying out the reciprocal setoff, it was 86 percent of the GDP, in December—70 percent, in February 1993—48 percent and in March—32 percent. It stayed at this level for the entire remainder of the year: on 1 October the relative proportion of outstanding debt was 34 percent of the gross domestic product.

A year ago, the outstanding indebtedness exceeded the monetary funds in the enterprises' accounts by a factor of 2.6. In June of this year, the relative proportion of outstanding debt exceeded the enterprises' funds by a factor of 1.3. In October it rose slightly—to a factor of 1.6.

In the meantime, when examining the dynamics of the growth of outstanding indebtedness, allowance should be made for the fact that the data on 1 October of this year is not totally comparable with the entire preceding series. Up until 1 October, the outstanding indebtedness was calculated in production cost prices. Beginning on 1 October, a new type of accountability was introduced,

and non-payments were calculated in sale prices. Even a non-specialist knows that the sale price is higher than the production cost price, and specialists refine this to a difference of 20-30 percent. The latter indicators, therefore, overstated the relatively comparable series by at least 20 percent.

We can therefore say precisely that no rise took place in the relative proportion of outstanding indebtedness in the national economy. Moreover, it was reduced in the relative indicators. This is demonstrated visually by the graphs: after the summer "peak" of 1992, the volumes of outstanding indebtedness emerged on an even plateau somewhere toward October and were at a stable level for a year, and for certain sectors even fell.

Let us sum up everything that has been said. There are non-payments in the economy. The problem, however, remained at approximately the same level of urgency throughout the year. There is therefore no objective basis for talking about the exacerbation of the problem of non-payments, and there is no payment crisis right now.

The Reasons for Non-Payments

Since the beginning of the reform, in January of last year, the enterprises have been relieved of the obligatory ties, "designated" by the government, with each other, and with buyers and suppliers. On the one hand, this relieved them of "obligations" and disadvantageous partners, and made it possible for them to seek more advantageous ties. It is obvious, however, that such things cannot be done overnight, and the enterprises continued "from force of habit" to supply their output for the traditional buyers, without waiting for payment. The recipients of the goods either had no money in their accounts, or had money, but had lost interest in the goods supplied them. As a result, the gross heap of non-payments increased quite quickly.

The compulsory pre-payment for goods supplied, introduced by government resolution, should theoretically eliminate the payment problem as a phenomenon. In practice, however, pre-payment has only partially eased the urgency of the situation. What is happening now? The idea is that the enterprises should wait until the money arrives before they ship their products. In reality, however, they are, as before, not waiting for the pre-payment. Why? The certainty, to quite an extent encouraged by last year's reciprocal setoff, continues to exist among enterprise directors that sooner or later the government, the Central Bank of the Russian Federation, whoever you like, will pay them. This illusory hope is also fed by the fear of facing the truth: if they do not pay, this means that the shipment must be stopped, and consequently, production cut back or completely curtailed. In principle, in a normal economy, the normal producer will do just that. If he is not paid for the goods, why produce them? Our shipping of goods in exchange for "air" stems from the residues of the former mentality.

What Reciprocal Setoffs Are Leading To

If we look at the experience of other countries with a transitional economy—Poland, Hungary, the Czech Republic—we observe a considerable amount of non-payment in them. It has been fluctuating at a level of 20-30 percent of the gross domestic product for many years. This problem is being gradually solved by privatization and by enterprises adopting true market behavior. The owner or boss is appearing who is beginning to follow a more efficient policy. This is, of course, possible only after a wave of bankruptcies, unemployment and changes in production structure.

In the last few years we have emerged at a non-payment level at which we will stay for several years. In no case should this phenomenon be combated by methods of reciprocal setoff, although this possibility is constantly discussed, and the Central Bank of the Russian Federation is coming forth as a zealous advocate of following it.

Just what did carrying out reciprocal setoff lead to last year. Immediately upon the payment of a credit balance, the Central Bank issued a relatively small number of loans, a fact of which it loves to remind us. Apart from the R150 billion of credit emission, however, a little over R1 trillion was issued to the accounts of the commercial banks, which was then transferred to the accounts of the enterprises. In the course of time, the loans were converted into a cash monetary mass, which rained down on our market in a month or two, and gave a colossal splash of inflation.

After all, after the January 1992 price shock, the correcting inflation was quite quickly reduced to 10 percent a month. The growth rates of foodstuffs in August of last year were the lowest in the entire history of the reform—6 percent a month. The restrictive monetary credit policy followed by the government gave every chance of reducing inflation to 2-3 percent a month by the end of last year. In August the non-payment knot was untied, but at the price of 25-30-percent inflation last autumn.

There were, of course, other reasons—the technical loans to the neighboring countries, the cash ruble banknotes, which were transferred in innumerable amounts to the states of the ruble zone. Carrying out reciprocal setoff, however, was one of the most powerful creditogenic and emissionogenic factors. We carried out one reciprocal setoff. Ukraine carried out four of them. Did they solve any non-payment problem? No. It is as urgent as it was, remains and, apparently, will remain. The enterprise directors, considering the last four reciprocal setoffs, naturally hope that they will not be dropped in the abyss for a fifth time. Reciprocal setoffs are not the least of the reasons that the growth rates of inflation in Ukraine exceeded 40 percent a month in 1993. In September they had 65-percent inflation, and early October estimates fluctuate within a range of 70-80 percent. That is, Ukraine has entered a stage of hyperinflation, in which it

is not the solution of the non-payment problem which is regarded as of paramount importance, but the survival of the nation.

If we follow this path, we will repeat Ukraine's experience. After all, we now have a real possibility of achieving a reduction in the inflation growth rates. We began the year with 30-percent inflation, in which in some weeks the price growth rate reached 12 percent. The technical mark of hyperinflation was close at hand. From this dangerous level, thanks to the government's consistent and basically restrictive monetary policy (which did not please the overwhelming majority of the people who were getting money), we emerged, in the second week of November, at a level of 2.3 percent. (The results would have been even more impressive if it had not been for the monetary reform, which caused an inflation splash.)

If the reciprocal setoff between enterprises is carried out all the same, then all the government's efforts to "beat down" inflation and all the sacrifices that society has made in the last two years will again come to naught.

In addition, engaging in reciprocal setoffs for non-payment between enterprises is destroying the producers' adaptation to the changing market structure, and is depriving them of objective criteria. Credit emission is changing their guidelines, and is inclining them toward the paternalistic support of the state.

The Problem of Payments with the Neighboring Countries

The nature of non-payment among producers who are now foreigners to each other is analogous to that of the domestic, the Russian. Why do the enterprises of the CIS countries continue to supply goods to Russia without waiting for payment from their partners? Because they hope that sooner or later their expenses will be paid. Why do Russian enterprises not introduce pre-payment for their goods and in general do not count on it? Apparently, because they do not need these goods. It is also obvious that the enterprises themselves should solve the problems between them. The states, having established the general rules, do not have the right to interfere in their affairs. The main thing is that the payments pass through the RKTs [accounting-clearing center] on time. Here, the Central Bank must be given its due—it has made great efforts to accelerate the passage of the payments.

Making settlements among the enterprises of the neighboring countries is intensifying, but the Central Bank has not solved another problem—the lack of a mechanism to determine the exchange rates of national currencies in relation to the Russian ruble.

The Central Bank quotes the Lithuanian, Latvian and Estonian national currencies through the dollar. The exchange rate of the Ukrainian karbovanets is established at stock exchange marts. For a number of currencies of the neighboring states, however, the quotations

are either not introduced at all (they include the Georgian kupon, the Azerbaijan manat), or are introduced at an artificially fixed level—these are the Belorussian, Uzbek and Kazakh currencies.

"Floating" quotations, and market determination of the exchange rate of the currencies of our neighboring countries are vitally necessary. Otherwise, we will continue to subsidize these states due to an overstated currency rate of exchange.

Non-Payments and Structural Reorganization

If an enterprise director is absolutely certain that no reciprocal setoff for non-payments is in the offing, and that he will receive no help or indulgence from either the government or from the Central Bank, he will stop supplying his goods "for air." Then he will be obliged to change the enterprise's policy: to cut back or completely curtail the output of goods for which he is not paid, and begin to produce things which will be sure to be paid for with real money. The producer will adapt to the market normally, and this will above all be manifested in structural changes in the economy. It is in this that the real sense of all reforms lies.

Let us face the truth: structural reorganization is, of course, accompanied by a rise in unemployment. You must pay for everything. Including with unemployment, for this sort of employment structure—a copy of the production structure—does not answer the market needs. Even if we have a 20-percent unemployment level in our country, we must remember that this is only one-fifth of the population. When, however, we support industry which does not meet the demands of the market through credit emission, reciprocal setoffs and subsidies, we have inflation, and 100 percent of the population suffers from it.

Paradoxically, it is also reassuring that, under the conditions of an economic recession, the production of a number of goods, mainly durable goods—irons, microwave ovens, freezers and television sets—is increasing, and for some items—by 20-30 percent. This is a colossal increase by any measuring standards. At the same time, the production of combines and tractors is being cut back. This means that structural changes are taking place in a sector such as machine building, which has been sluggish all these years.

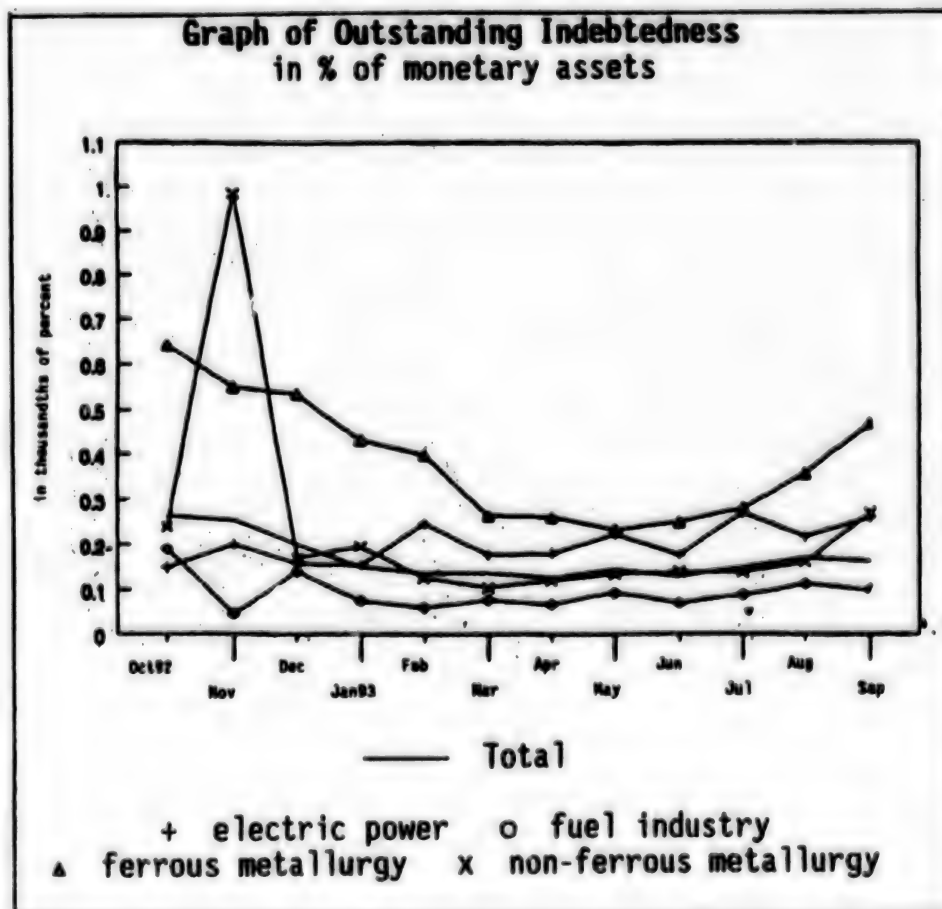
Do you know which sector is feeling the burden of non-payments least of all? The food sector. This is understandable: food products are paid for immediately. The growth rates of this sector in the course of this year have been 2-3 percent. This is the first sector to emerge from the recession.

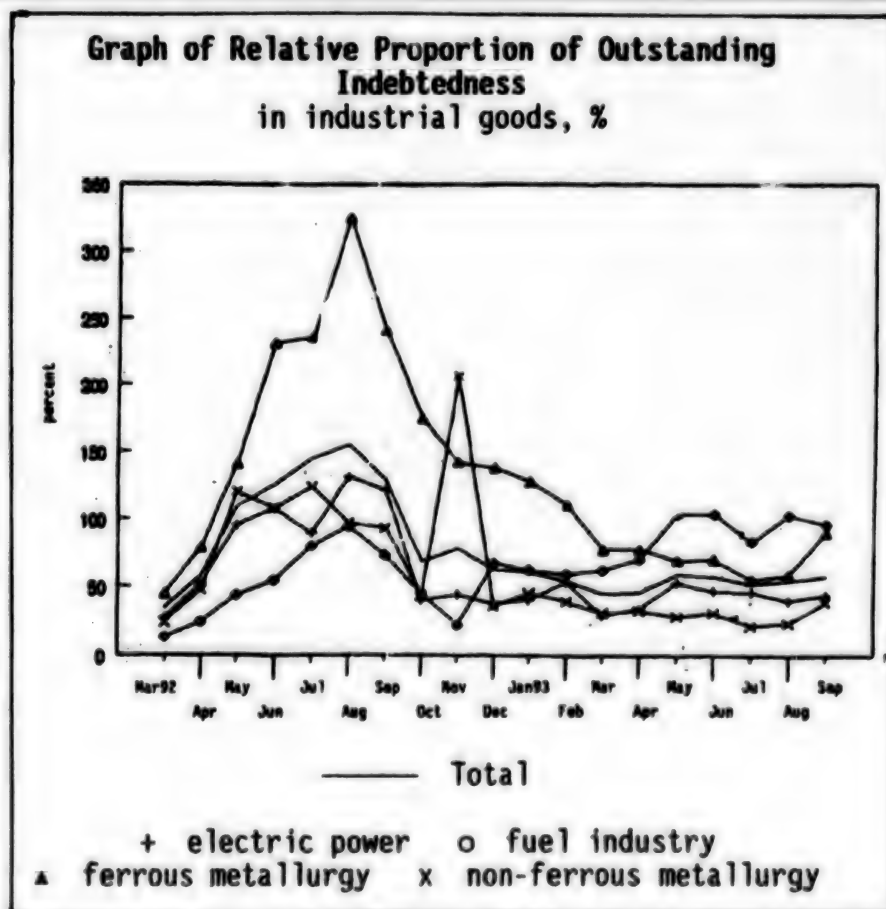
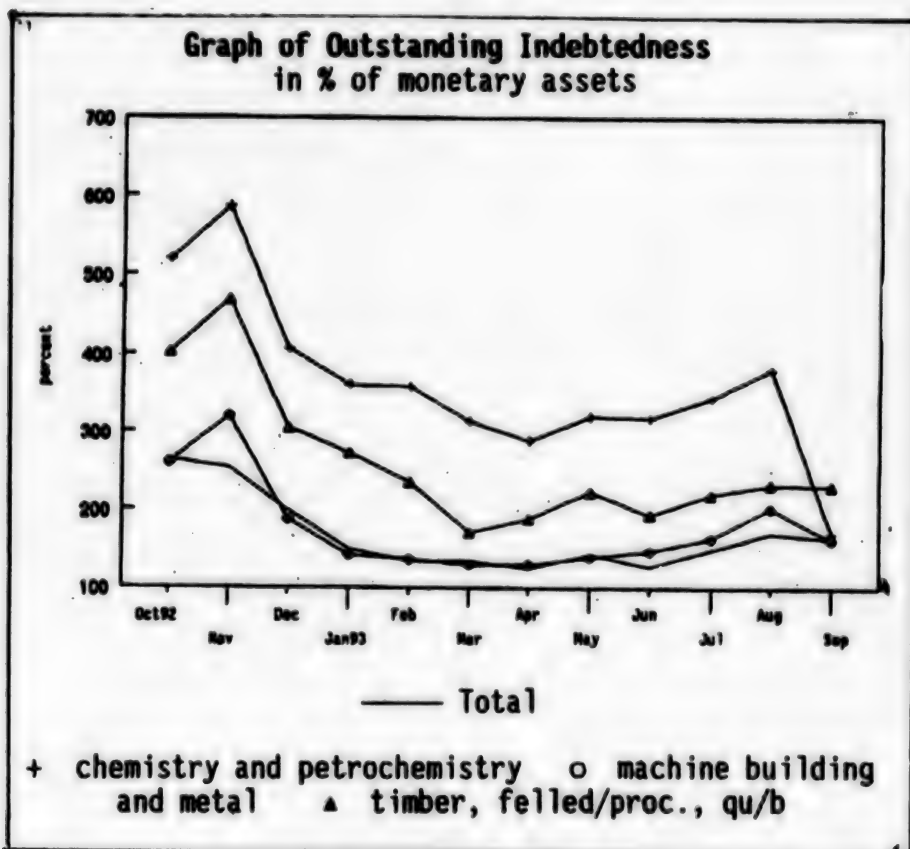
A whole sector and sub-sector (production of household electrical appliances, which is "seated" in machine building) emerged from the crisis, after carrying out structural reorganization. Why them, precisely? Because they stand nearest of all to the consumer market and detect all the demand fluctuations more quickly. Other

sectors, however, representing the demand for raw material and completing items, will also gradually emerge from the crisis.

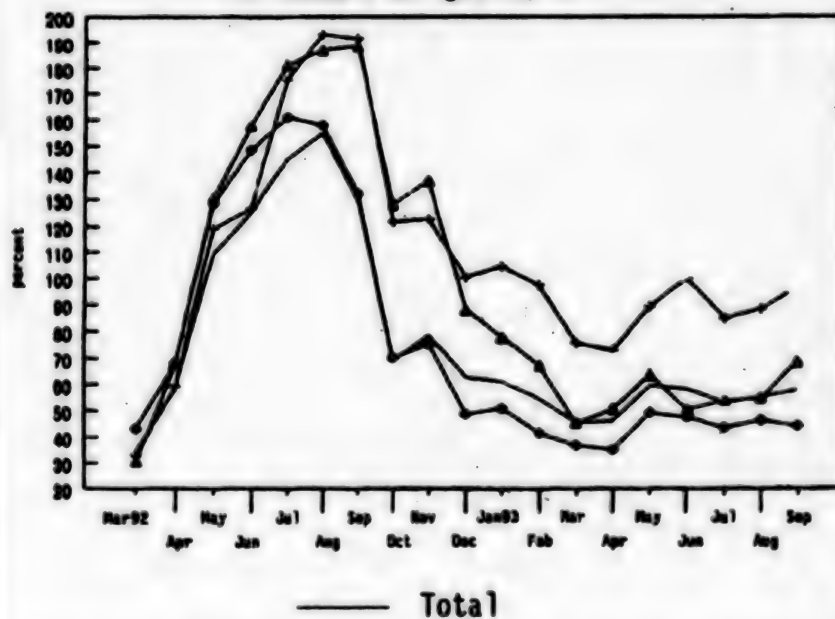
Structural reorganization of the economy is a process which will last for more than just a year and even for more than just a decade. It is a real art to sense the

demands of the market and attune to it. Products that have not been paid for are among the visible signs of production non-competitiveness. Carrying out reciprocal setoff for non-payments will therefore only distort the pulse of the market and deprive the producer of a market guideline, which is not all that easy to find.

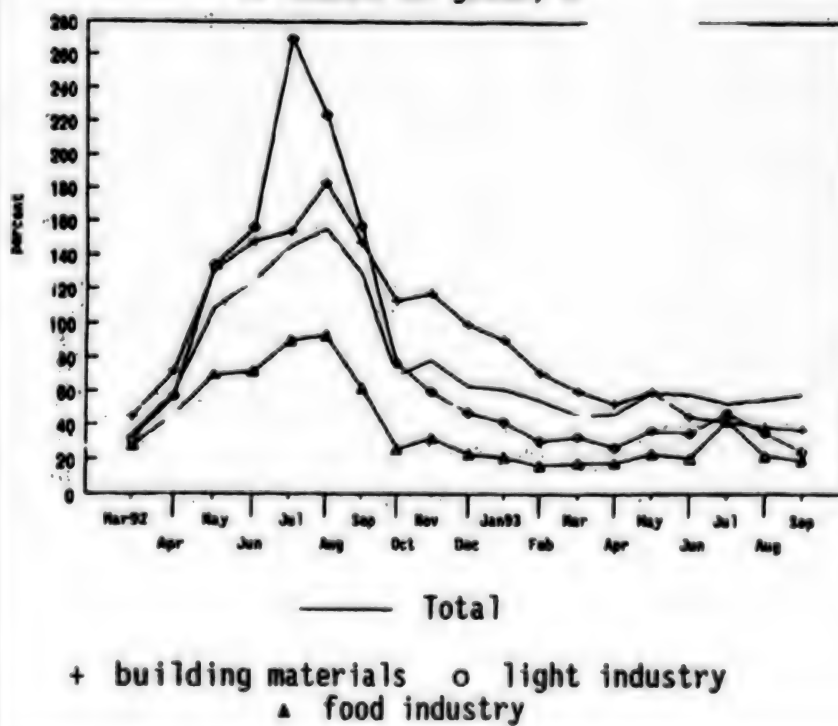


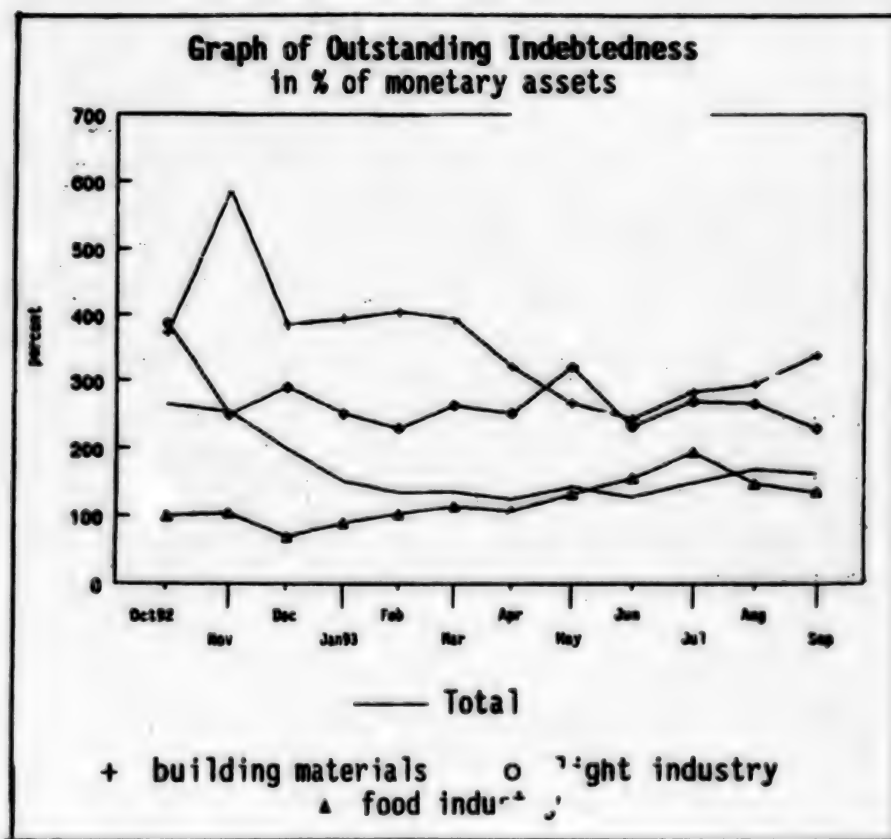


**Graph of Relative Proportion of Outstanding
Indebtedness
in industrial goods, %**



**Graph of Relative Proportion of Outstanding
Indebtedness
in industrial goods, %**





POLITICAL AFFAIRS

Chornovil Evaluates Place of Rukh

944K0455A Ivano-Frankovsk HALYCHYNA
 in Ukrainian 7 Dec 93 p 4

[Interview with Vyacheslav Chornovil, chairman of the People's Rukh of Ukraine, by Taras Zakharuk, under the rubric "Interview of Current Interest"; place and date not given: "Vyacheslav Chornovil: 'The Main Point is To Ensure the Victory of National-Democratic Forces'"]

[Text] A lot, a whole lot, may be said and written about him—the acknowledged leader of, first, the national-liberation, and, later, the national-democratic movement; a politician who has ranked near the top of the list of most popular Ukrainian politicians in recent years according to the results of sociological surveys. However, today we are offering our readers an interview with the chairman of the People's Rukh of Ukraine rather than a narration about him—an interview that touches on all aspects of our extremely complicated life without skirting the most acute, most painful topics.

[Zakharuk] Vyacheslav Maksymovych, what are the peculiarities of the national-liberation movement at present, now that we allegedly have an independent state?

[Chornovil] First of all, we need to debunk the myth about the independent state. Ukraine is still not fully independent. We should refute the myth that the democrats are in power, that the Rukh is an extremist organization, and quite a number of the most varied fabrications. All of this should be done in a calm and balanced manner without pushing the people into some kind of social frustration, approximately the same way in which we avoided strikes. We supported the idea of a general strike for a single time when it was necessary to ensure a repeat election of the Supreme Council. At present, it is necessary to bring pressure to bear on the existing authorities through the most peaceful measures—first of all, in order not to ultimately pull Ukraine down because March, and the elections, are still far away. Second, to use all of our propaganda resources in order to debunk all these myths and ensure victory in the elections; third, to ensure the greatest possible unity of democratic forces after all.

[Zakharuk] On the point of unity: The national-liberation movement split once various parties were created on the basis of Rukh. Who can unite it again, how, and in what manner? After all, is it all that necessary to artificially unite if this process does not get underway by itself?

[Chornovil] Only very superficial politicians get nostalgic for the erstwhile Rukh and believe that it could have been preserved at the third or fourth congresses in the form in which it existed at that time. We managed to do what appeared impossible—we generally preserved Rukh, but in a somewhat different form. Please note that

in no postcommunist country has a political organization in the form of Rukh circa 1990 lasted. Recently I received an invitation to the final congress of the People's Front of Estonia, which actually has already ceased to exist. However, parties that have evolved on the basis of the People's Front of Estonia gathered for the last meeting in order to pay due homage to the historical task it has accomplished. The situation in Latvia is the same. The Lithuanian Sajudis fell apart completely. Landsbergis has created a small party on its basis. Polish Solidarity also ceased to exist as a political association.

Nostalgia for the possibility of keeping together liberal communists and ultrarightists is a ludicrous illusion....

[Zakharuk] And even a dangerous one.

[Chornovil] Yes, and dangerous. Contradictions would still poke out like an awl out of a sack. Finally, there was no unity. When Rukh was created, unity was to a certain degree maintained artificially. I now reread a stenographic record of the first congress and see what contradictions already existed then—contradictions between the presidium, which followed a sort of liberal, somewhat national-communist direction deferring to Kravchuk, and the auditorium, where anticommunist sentiment was already mounting and the issue of independence was being raised clearly. Therefore, this was an organization for a short period of time which—we do understand this—played a destructive role to a certain degree. It was destructive in the positive sense of the word—the breakup of the empire, the destruction of the communist system. Other organizations are needed to construct and create. Cooperation among them is a different matter. This is why Rukh was preserved in a completely different form. In general, this is a unique phenomenon. We have kept the structures, after all, we have kept mass membership and succeeded in making this into a centrist organization of a Christian-democratic, liberal-economic persuasion. So far, we have succeeded in doing something that no one else has succeeded at. If we succeed in holding on at this level for even a period of time, we will make Rukh into a regular party—not the kind of party that everyone here is accustomed to see, but an open-type party. We would like to create a political organization on the European or even American model. This is why our statute says "sociopolitical organization" and contains no mention of a party. This was foisted on us, foisted by a bad, imperfect law.

We have kept associate memberships and the status of supporters. Therefore, Rukh is something very different from the parties that exist here at present. However, we are no longer the Rukh we were in 1990, nor can we be. At present, people are saying: "Chornovil broke up Rukh, but unity could have been maintained." It could not have.

There already was a Republican Party in Rukh, there was a Democratic Party, and there was the right-to-left tug of war. This problem had to be resolved.

Is unity in general necessary? It depends which kind. A measure of agreement is needed, the ethics of a political struggle are needed, and definitely the notion of a common enemy, the notion of time and agreement on work, as well as coordination of actions. However, it is unrealistic to once again create some kind of organization with some kind of unified programmatic and statutory principles. Only people with poor knowledge of politics do that.

[Zakharuk] At a rally in Ivano-Frankovsk, Ukraine People's Deputy Dmytro Zakharuk brought forth the slogan: "If you left Rukh—go back to Rukh! If you were not in Rukh—go to Rukh!" This gained him a very malevolent character in the mind of local ultrapatriots. What do you think about this?

[Chornovil] Let them return to Rukh. To be sure, there are people who now belong to other, very different, ideological and political organizations. Having quit Rukh, they subscribe to other views and have a different vision of the methods of political struggle; in view of that, how can they return to Rukh? If their departure from Rukh was caused by misunderstandings on account of this ill-fated Supreme Council of Ukraine and the ambitions of some politicians, whom some people, failing to figure this out, followed, then our doors are always open. Please, let them come back. Why on earth is Rukh to be undone on the pretext that it is a public organization and those are not? What does a "public organization" do? It does more politicking than we do.

[Zakharuk] To what degree are you aware of information on the situation in our oblast? What is your evaluation of the actions of the former chief of the city Rukh organization, Borys Holodyuk?

[Chornovil] These are elements of ambition. They engage in some kind of commercial operations there. Since we were forced by legal requirements to register as a party—although I stress that we did not want to—the People's Rukh of Ukraine has no right to engage in commerce. This clearly did not satisfy the chairman of your city Rukh. Second, the element of ambition. A struggle for domination went on there, a struggle over who will be the top person. This is our terrible misfortune. At first, Holodyuk rushed there (to the Supreme Council of Ukraine—note by Taras Zakharuk). He was not particularly welcomed; he was not chosen to Larisa Skoryk's "cabinet"; so, giving up, he began to look for something else for himself. These "vagrant leaders" are our misfortune. You can see that he does not have any ideological platform, he is a "vagrant leader."

[Zakharuk] With whom from the upper echelons of power, both government and political power (in the parties, movements, and political organizations), have agreements been achieved on cooperation and unity during the forthcoming election? Who will the People's Rukh of Ukraine support and at what level?

[Chornovil] Cooperation and unity are somewhat different notions. You may have read our statement—we

have come to an agreement with virtually everyone, of course, except for the extreme left and the extreme right. They have simply not responded to our appeals. I mean the UNA-UNSO [Ukrainian National Assembly-Ukrainian People's Self-Defense Forces] and the DSU [Ukrainian State Independence], which in each issue of their newspaper (NESKORENA NATSIYA—note by Taras Zakharuk) sling mud at Rukh and at me in particular. However, had they come too, we would have certainly not rejected them, at any rate, we would have given it some thought. We are not ambitious, and this, so to say, criticism does not annoy us much. The main point is to ensure the victory of national-democratic forces, to tear Ukraine out of the imperial noose, and to prevent its transformation into a communist Vendee. As far as offenses go.... My God, there are much more important things.

However, all of these are cooperation methods rather than, if we may say so, methods of complete unity. Full, complete unity is not possible, say, between New Ukraine and Rukh. It would be easier for us to find a common language with the KNDS [Congress of National-Democratic Forces], with the national democrats. However, they have other leanings.

Interestingly, it appears to me that if they were now given an opportunity they would likewise fail to introduce a market economy and would follow the course of firm regulation by the state. This is already being seen a little, although they maintain that they also support the middle class. However, these administrative elements are strongly displayed by some people.

For example, one KNDS person, whose name I do not want to give, said that these hearings ("Communism as a Dead End of Civilization"—note by Taras Zakharuk) are unnecessary. We should consolidate everyone, he said, and build the Ukrainian state together with the communists. We are looking for the enemy within, he said, whereas we have just one enemy—Russia. Nobody is saying that there are not certain anti-Ukrainian tendencies in Russia, and quite strong tendencies at that. I have recently been to Russia, talked to Stankevich (adviser to Boris Yeltsin—note by Taras Zakharuk), and I know that he is a man with imperial leanings. However, pardon me! Failing to see with whose hands these imperial tendencies may be carried out, and that for all of that this will be done from within rather than from without, that there may be attempts to tear Ukraine away from within by the same communist or neocommunist forces....

They do not accept the notion "party of power," whereas we vigorously explain it. It does not matter whether one has signed up with the Communist Party again or not—this is the very same nomenklatura.

[Zakharuk] Recently, Leonid Kravchuk said on the program "The Echo of Russia's Choice" on Ostankino that left-wing forces will win elections in Ukraine and that he

is not afraid of them, of these left-wing forces. [Chornovil] Why should a person who himself belongs to the left-wing forces be afraid of them? Why would the secretary of the Central Committee for ideology be afraid of left-wing forces? They say that Kravchuk said, as he spoke before kolkhoz chairmen not so long ago, that the "Group of 239" brought him to power, so what do you expect of him. This is a man with an absolutely communist view of the world; everything else amounted to the democracy game. That he allegedly wanted to draw on Rukh was a game—a game aimed at breaking up Rukh.

[Zakharuk] At present, we hear continuous whining almost everywhere: "It is bad, it is poor here. All of this is due to the disintegration of the Union, independence, and the fact that Rukh and the democrats are in power...."

[Chornovil] Perhaps only the blind fail to see that the democrats are not in power, to say nothing of Rukh. Certain people who until recently called themselves democrats are indeed trying to get somewhere; there also are our people at a certain level. However, this is not power. All of this is done deliberately. Nevertheless, those who are in power will always lose in an environment of terrible economic recession and impoverishment of the population. They want to ascribe to us being in power in order to win elections, for the same people who currently have power to win the elections and to remain in power....

[Zakharuk] In this manner, certain political forces vigorously propagate the thought that totalitarianism and a dictatorship are needed for us to overcome the crisis....

[Chornovil] Yes, although it will not accomplish anything.

[Zakharuk] Recently, Sergey Grigoryants, editor in chief of the GLASNOST magazine in Moscow, voiced the thought that the extreme left and the extreme right are on one side, and European liberalism and European democracy are on the other.

[Chornovil] You know, in Russia the extreme left has merged with the extreme right. They cannot merge here because our extreme rightists are advocates of statehood and patriots, after all, although perhaps there are "excesses" sometimes....

[Zakharuk] However, Mr. Khmara very often votes the same as Comrade Moroz....

[Chornovil] Yes. They cannot agree on the main point—on these imperial leanings. However, communists vote against concessions, and Khmara votes against concessions. This would amount to plundering Ukraine, he says. They do not understand that there is a large proportion of foreign capital in each civilized country. In America foreign investment amounts to 40 percent; Japanese investments are particularly common. This

boosts the economy of the state, enriches the budget, provides jobs, regular wages, and so on.

The thing that a concession is given for will not get away from us. It is located on our land. Someone will invest funds for us instead of us looking for them here. Certainly, not all of the returns will be ours. However, what is unusual about it? As a person gives, he should have something in return because nobody will give something for nothing.

So, they agree on some social points sometimes. However, there is one feature that will never allow to occur here that which occurred in Russia, when fascists and communists manned the barricades together. It is the independence of our Ukraine.

[Zakharuk] My final question. A response to it may be either very short or very long. The current Supreme Council is finishing its proceedings. How would you evaluate the activities of deputies-members of the People's Council during this period?

[Chornovil] In general, favorably. We sometimes have terrible arguments in the People's Council. However, when something decisive comes about, all of us, we might say, bristle. Recall January, recall some other points.... For example, the way we adopted the Declaration. After all, a group of patriotically minded people has come. They part ways on certain things. However, when it comes to business, Khmara is together with us, all of us are together. We even go and storm the rostrum.

In general, our minority has accomplished something that only a majority could do in a civilized society—it has laid the foundation of an independent Ukrainian state.

Zhirinovskiy Win Not Cause for Concern

944K0500A Lvov POST-POSTUP in Ukrainian No 46, 16-21 Dec 93 p 1

[Article by Oles Danylyuk: "Zhirinovskiy's Party Offers Ukraine One More Chance"]

[Text] The victory of the Liberal Democratic Party, led by admitted nationalist Zhirinovskiy, in the parliamentary election in Russia should have cooled the heads of those who rely not on force but on the 'good will' of our northern neighbor.

All major political forces in Ukraine, even Moscow-oriented ones, expressed their concern over Zhirinovskiy's victory. But this does not mean that no one in this country any longer looks to our Russian brethren. Probably both Kuchma and Grynyov are still counting on the Russian president, who was given enormous powers by the constitution which was approved on 12 December. It is even more probable, however, that Yeltsin will deliberately change his course in line with the results of the election: already, dissatisfaction with the Russia Choice presidential bloc has been heard from

members of his inner circle. It is yet unclear how this change will affect the course toward the Interregional Reform Bloc set by the Kuchma-Grynyov duo, but it can be predicted with considerable certainty that the election in Russia took away Yeltsin's trump card: Russia's reformist image.

The extreme right-wing forces in Ukraine, on the contrary, welcomed the news of Zhirinovskiy's victory. They projected the Liberal Democrats' victory onto the situation in Ukraine and decided that they would have a very good chance of winning the parliamentary election here. True, they do not take into account that in one-seat districts the Liberal Democrats did not win a large number of seats. This brings one to the conclusion that in Russia, it was not the Liberal Democrats but Zhirinovskiy's gift as a public speaker that won the day. In Ukraine, the extreme right has not yet produced demagogues of Zhirinovskiy's caliber. Moreover, the core part of Vladimir Volfovich's program, the Russian national idea, is accepted by an absolute majority of Russians, whereas the basic Ukrainian national idea—Ukraine for Ukrainians from the San to the Don—does not have a mass following here.

Ukraine as a country will only gain from Zhirinovskiy's victory. Or, more precisely, it would win if it became more actively involved in Russia's domestic policy. First of all, Russia's autonomous entities are unhappy with both the new parliament, headed by Zhirinovskiy the unitarianist, and the new constitution, which lacks a clause on federalism. Their rights have been left up in the air, and it is easy to predict that the central government will try to curb them. It is doubtful that the republics will easily give back their powers to Moscow. On 12 December, three republics refused to take part in the election. The friction between regions and the center are growing, and Vladimir Volfovich could become bogged down in endless actions to restore order within Russia itself. Hard work in this field will force him to limit his demands for Ukrainian territory to oral statements.

Second, despite Zhirinovskiy's victory, no one party won a majority in both chambers of parliament. A stable bloc of parties, which would have ensured a solid majority, would be very difficult to construct, given the ambitions of the Liberal Democrats' leader. A patchwork parliament would lose its way in squabbles and rivalries and would not be able to lead a well-functioning state. Lack of stable power in Russia would once again force it to spend more time on domestic troubles than on external expansion.

Third, the artificial dependence on Russia of the Ukrainian economy (in energy, components, etc.) would have weakened regardless of the results of Russia's election. It had been known long before that since the start of the new year Russia would be selling us energy at world prices, so that it would make no difference for Ukraine where to buy it. And, the rise of prices for Russian output has already effectively made it more profitable to buy components from major foreign companies, where they

are not much more expensive but of much better quality. This approach would only benefit Ukrainian producers who, in order to save a penny, are now willing to sacrifice the quality of output.

Other arguments can be used to prove that there is nothing harmful for Ukraine in Zhirinovskiy's victory in the Russian election—if we have confidence in ourselves, of course. It now depends on ourselves what the victory of the Liberal Democrats will mean to us: victory or defeat.

Presidential Service Evaluates Political Groups

944K0501A Kiev NEZAVISIMOST in Ukrainian
22 Dec 93 p 5

[Article, unsigned: "Divide and Rule: Are You for the President?"]

[Text] *In recent past, we used to be asked: "Who is marching out of line?" Dissent, if it existed at all, was not welcome and was cut at the root. Thus, we should not blame universal conformity and unanimity on the lingering collectivist mentality. There used to be a well-oiled machine to ensure that the cogs served the system reliably. Remember those endless party staff meetings, party and economic leadership meetings, directives circularly and instructional seminars?*

Apparently, the Presidential Service misses those unforgettable days of democratic centralism of the Communist Party, the time when those who carried out party and government policy diligently gathered in former Ordzhonikidze Street to hear the usual pep talk from the head of the department of propaganda and agitation. How else can you explain the appearance of this interesting document which fell into the hands of the NEZAVISIMOST? Here is the slightly abridged text of a directives circular sent out to local presidential representatives. We hope that the readers will draw their own conclusions.

In light of the Ukrainian Supreme Council decision to hold early Ukrainian Supreme Council and presidential elections in Ukraine, it has become necessary to analyze the current disposition of forces among the participants of the political process in Ukraine and to identify areas of possible cooperation with them during the election campaign.

The following citizens' organizations are the subject of study of this letter, drafted by the Presidential Service on Domestic Policy Issues:

political parties;
trade union organizations;
veterans' organizations; and
religious organizations.

The stated positions are not final and may change under the influence of circumstances.

Political Parties Before the Elections.

At October 1993, the Ukrainian Ministry of Justice registered 29 political parties.

Based on territorial division of political influence, political parties can be generally divided into three groups:

The first group consists of right-wing parties, the parties of the so-called national, nationalist and ultra-nationalist orientation, together with their satellite organizations; their influence extends to the western region (Ivano-Frankovsk, Ternopol, Lvov, Volyn and Rovno oblasts).

They are the Ukrainian Republican Party (URP), the Ukrainian Peasants Democratic Party, the Democratic Party of Ukraine, the Ukrainian Christian-Democratic Party, the Ukrainian National Conservative Party, the Popular Movement (Rukh) of Ukraine (V.Chornovol, leader), the civic and political organization National Movement (Rukh) of Ukraine (L.Skoryk, leader), the Christian Democratic Party of Ukraine, the Congress of Ukrainian Nationalists and the Ukraine National Independence.

In addition to the western region, the above-mentioned associations of citizens have smaller affiliates in central Ukrainian oblasts, whereas in eastern and northern regions their political potential barely rises above zero.

The other group is comprised of center and left-of-center parties whose activity and political influence cover the central region of Ukraine, as well as some eastern and northern oblasts.

They are the Green Party of Ukraine, the Party of Democratic Renewal of Ukraine, the Social Democratic Party of Ukraine, the Ukrainian Beer Lovers' Party, the Liberal Democratic Party of Ukraine, the Ukrainian Justice Party, the Ukrainian Solidarity and Social Justice Party, the Constitutional Democratic Party and the Labor Congress of Ukraine.

The remaining political parties have a left and radical left orientation. They include the Socialist Party of Ukraine, the Peasant Party of Ukraine, the Citizens' Congress of Ukraine and the Communist Party of Ukraine. They mainly dominate the eastern and northern regions, or share their influence there with local parties such as the People's Party of Ukraine (L.Taburyanskyy, leader), the Liberal Party of Ukraine (Donetsk; I.Markulov, leader), the Labor Party (Donetsk; A.Azarov, leader), the Party of Economic Renewal of the Crimea and the Party of Ukraine National Salvation (Dnepropetrovsk Oblast).

The main characteristic traits of the political parties' activity today are:

the dominant position and role of party leaders in defining the political course of each party and in the decision making process;

the dominant confrontational mentality resulting from the tough ideological and political struggle which is sustained by the parties themselves; and

the activity of the the political parties is concentrated exclusively around power structures and is not directed toward bolstering their popular support. It is limited to congresses, conferences, discussions of their own programs to overcome the crisis and reactions by means of statements and declarations to various events in the political process.

There are two main forms of party activity in the country:

a. rallies and demonstrations; and

b. opposition to local authorities, demands and attempts to replace them.

The relative strength of different political parties, their political behavior, their attitude toward main events of the political process in Ukraine and their attitude to the political course of the president provide the basis for **differentiating among political parties from the point of view of the prospects for their cooperation with the president.** Potentially open to such cooperation are parties of a moderate center-left orientation (the Green Party of Ukraine, the Social Democratic Party of Ukraine, the Labor Congress of Ukraine, the Ukrainian Justice Party and the Labor Party), as well as center parties (the Liberal Party of Ukraine, the Ukrainian Beer Lovers' Party, the Constitutional Democratic Party and the Ukrainian Solidarity and Social Justice Party). Excluded from this group are the Liberal Democratic Party of Ukraine and the Party of Democratic Renewal of Ukraine, whose leaders, having joined forced under V.Chornovol, have recently displayed a slant against the president.

Great difficulties are presented by the task of finding common ground with candidates and leaders of left-wing parties, such as the Communist Party of Ukraine, the Citizens' Congress, the Union of Ukraine Communists, the Socialist Party and the Peasant Party. At the same time, it should be noted that the political initiative of the president on the Economic Union of the CIS, as well as his position on the Masandra agreements, were welcomed by them and their affiliated organizations as a sign of the ability and willingness on the part of the president to display political will and assume the initiative and responsibility for resolving very difficult political problems. This also reduced the likelihood of attacks on the president from the left. Given the responsible change of political course by the president, certain goodwill on the part of left-wing political forces, in particular from the Socialist and Peasant parties, can be expected during the pre-election period.

The Rukh, the Ukrainian Peasant Democratic Party, the Christian Democratic Party of Ukraine and Memorial base their election platforms on opposition to the president; they should be considered as the core of a possible unified anti-presidential bloc on the right.

Ultra-radical nationalist groups, the Ukrainian Conservative Republican Party, the National Independence of

Ukraine, the Ukrainian National Conservative Party and the Congress of Ukrainian Nationalists are moving toward opposition to the president.

The election campaign, which has in effect already begun, will cause changes in the structure of political blocs. It should be noted that the form and makeup of possible electoral blocs among parties at the regional level and at local centers may not always follow accords and agreements at the leadership level of those political parties.

Existing political parties have real influence on a relatively small portion of the electorate. For this reason, the election campaign will be informed by the actions of other political and economic groups: trade union organizations, associations of entrepreneurs and producers, economic managers and managers of the agricultural sector.

Trade Union Organizations

Thirteen national trade union organizations exist in Ukraine. The largest of them is the Federation of Trade Unions of Ukraine (FPU), headed by O.M.Stoyan; it is comprised of 40 all-Ukrainian industry trade unions and 26 organizations from oblasts, the Crimean Republic, and the city of Kiev, as well as inter-industry (regional) associations.

Considering that the FPU has some 20 million members and possesses an extensive organizational network and considerable material and financial resources, it can be predicted that that trade union organization will have a considerable impact on the electoral campaign. Overall, the position of the FPU on the current government and political issues is moderate.

Unlike some other trade union associations and strike committees, the FPU in its activities does not go outside the law. Under pressure from grass-root organizations who want the FPU leadership to act more decisively in providing social protection to workers, the position of the FPU has become more radical in recent months. The second FPU congress, which took place at the end of August 1993, severely criticized the Supreme Council, the Cabinet of Ministers of Ukraine and the president for the policy of "robbery of the population." A resolution was approved demanding an early dissolution of the Supreme Council and a referendum (in September 1993) on the socio-economic and political structure of the state, on the form of state government and on the confidence (or no confidence) for the president of Ukraine.

The FPU welcomed the decision of the Supreme Council to hold early Supreme Council and presidential elections and considered them "to some degree satisfactory."

In the new Supreme Council, the FPU intends to create its own trade union faction.

The FPU pursues the policy of constructive cooperation with the structures of presidential authority both in the central government and locally.

However, leaders of some trade unions in the FPU have a determined, non-constructive attitude toward the president.

This primarily refers to trade union leaders in Odessa and Kharkov oblasts, the trade union leadership in the coal industry and some others.

The leaders of those trade union organizations are opposed to the current policy of the FPU and its leadership.

The FPU maintains contacts with political parties of different orientations, but as of now it has not yet concluded any agreements of cooperation in the election campaign with any of them.

It can be predicted that an active part in the election campaign will be played by the All-Ukrainian Association of Labor Solidarity (VOST), which has often supported political forces of the right. There are signs that that association, together with the Independent Trade Union of Ukraine Miners (NPG) and some other small trade unions, may join the coalition of political forces behind V.M.Chornovol and his supporters.

However, the latter trade unions have small membership and lack a broadly based organizational network, so that their influence in the regions is insignificant.

Leaders of the strike committees in the Donbass maintain their opposition to the president. At the same time, strike committee leaders have criticized the position of O.R.Mril, the head of the NPG, for his intent to ally himself with V.M.Chornovol. In the election campaign, the strike committees may support such political parties as the Liberals and Labor. Strike committee leaders intend to run for the Supreme Council themselves.

The position of the strike committees, due to their influence in the miners' collectives in Donetsk and Lugansk oblasts, will probably be reflected in the results of the elections in the Donbass.

The analysis of the situation in Ukraine trade union circles ahead of the election campaign suggests that the position of the trade union organizations will largely determine the results of both the Supreme Council and presidential elections. A strategy for the pre-election period should be developed with this in mind.

Veterans' Organizations

Despite the lack of organizational unity among veterans' organizations in Ukraine, all those different groups and associations of veterans have absolutely identical political sympathies, with the exception of those who rally around the radical interpretation of the national idea. This similarity in evaluating socio-political processes in Ukraine reflects several factors; principal among them

are common life history, tied to the building of "socialism" in the USSR and extreme financial difficulties experienced by older people.

However, when discussing the pre-election mood of older people, we should not overestimate their conscious adherence to various political forces. A highly defined political orientation is typical mainly to those veterans who are actively cooperating with the nationalist forces or who had been actively involved in the implementation of the "communist" idea. As a whole, the masses of veterans are open to a widest variety of political influences.

Religious Organizations

The post-totalitarian period of development in Ukraine has been characterized by an extremely high level of politicization of the church. The existence of conflict situations between some religious organizations is being used by a variety of political forces and their leaders to further their own ends, which in effect informs the participation of the church in the election campaign.

In particular, the Congress of National Democratic Forces counts on the strong support from the Ukrainian Orthodox Church, Kiev Patriarchate; plus the Congress continues to rely on the Ukrainian Greek Catholic Church in Galicia, although with less certainty. Thus, attempts by some Congress leaders to establish the Ukrainian Orthodox Church, Kiev Patriarchate, as the national church, in fact a state church, make it doubtful that believers belonging to the Ukrainian Greek Catholic Church would continue to support that political movement.

The Ukrainian Orthodox Church, Kiev Patriarchate; the Ukrainian Autocephalian Orthodox Church and the Ukrainian Greek Catholic Church are the most politicized among religious organizations and they generally adhere to the ideas of radical nationalism. However, those religious organizations have only regional influence and make up only one third of all religious organizations, and even less than that in terms of the number of adherents.

The least politicized are such churches as the Ukrainian Orthodox Church (the largest in Ukraine in number of parishes and followers), the Protestant Church and the Roman Catholic Church. Religious organizations of ethnic minorities will most likely look to the left and center-left forces, which do not share the idea of establishing a single national church.

Democrats Seen Minority in Next Parliament

944K0454A Kiev NEZAVISIMOST in Russian
17 Dec 93 pp 1-2

[Interview with Taras Stetskiv by Viktoriya Andreyeva; place and date not given: "Quo Vadis?..."]

[Text] It is this question that I would like to put to sober-minded politicians endeavoring to run for a new parliament to be elected in accordance with an inept, regressive law.

Romanticism is played out. And small joys have sped off together with it to some warm parts of recollections of the "dawn of democracy." Remember? There really is a choice (that is, choosing from several), and there they are, in the highest legislative body—our people (whoever is against "them" is a priori one of ours)—they are speaking, and no one is sending them down for doing so....

The delights of the barbarian who has seen a telephone are fewish today. I call at the election headquarters of New Wave—an interparty independent association of professionals, as this group calls itself—that has just opened in Lvov. I see the faces of people whom I have reason to consider intelligent and decent, and I estimate that many of them have a chance of negotiating the election marathon successfully.

And then? After two years of what is considered de jure independence, merely obtaining a platform for the declaration of one's views in order subsequently to lose round after round, bearing part of the responsibility for senseless decisions, murderous for the state, is negligibly little. It is precisely this, however, that is before one's eyes and in one's recollections. And here once again, people are arguing until they are hoarse about programs, rejoicing in the grains of rationality in them. Grains doomed to fall on a land scorched by "Sovietness"? Or perhaps I am wrong, and it is simply the dark, cold December with prices inducing the temperatures of galloping tuberculosis that has bestowed the pessimism?

We are talking with Taras Stetskiv, a deputy at this time, one of those prepared to set out on the coming election voyage from New Wave.

[Andreyeva] A somewhat naive question, perhaps, but how many "head," how many persons, with whom reform steps could be defended were there in this Supreme Council?

[Stetskiv] No more than 60. I refer to those who not only employed slogans of independence and market reforms, but also knew how to do so.

[Andreyeva] Once again it is ridiculous, most likely, to speak about an arithmetical quantity, but how many bills that may be considered reform, progressive bills, were adopted by the Supreme Council?

[Stetskiv] Of the more than 120 bills that were adopted altogether, 25-30 may be deemed to afford scope for market reforms. And, despite their incomplete nature, it should be acknowledged that under Ukraine's conditions they afforded an opportunity for something to be done. The laws on privatization and securities and the stock exchange, concerning credit unions and stock companies and the amendments to the land code that legalized private property. All this, given the good will of parliament and, most important, given the good political will of the government, afforded an opportunity (not the best, but normal conditions) for the development of market reforms.

[Andreyeva] Something as ephemeral and nonmaterial as this good will itself was lacking, it has to be thought....

[Stetskiv] The trouble is that this, in principle, very small legal foundation was not realized in the least. The government sought in the laws not what opens the way to reforms, but what affords an opportunity to block them.

[Andreyeva] So the blame for our situation today lies with the government (more precisely, the governments). And the Supreme Council?

[Stetskiv] To blame, without any doubt. Another example of such a quantity of inconsistent steps is hardly to be found in contemporary history among the European revolutions that ousted communism. One market law would be adopted, the next, antimarket. One declares privatization by way of auction, a second determines the path of privatization via leasing. This is an indicator of the lack of professionalism of the Supreme Council and the absence of a conceptually defined path. Thus, not a single consistent reform action has been implemented in the two years of independence in Ukraine.

[Andreyeva] Consequently, the real use factor of the group of reformers within parliament is about zero. We will not today, if you do not mind, speak about the propaganda effect. We will recall the bitter pictures of defeats: All arguments are exhausted, and the majority—the reliable “voting machine”—has once again ridden roughshod over the shoots of what is new. Nor do we have far to go—I recall the face of Sergey Holovaty as he came into the corridor following the adoption of the latest retrograde article of the Election Act....

[Stetskiv] Yes, this was a defeat. It showed once again that there can be no accords or preliminary gentlemen's agreements with the communist majority: It has broken them all.

[Andreyeva] When cursing this act and harvesting its fruit, people will say: “Parliament adopted this.” Consequently, part of the responsibility is borne by everyone.

[Stetskiv] No. As far as the Election Act is concerned, the democratic part of parliament, the People's Council, ceased taking part in the voting after the adoption of the notorious Article 24.

[Andreyeva] But the act has been adopted....

[Stetskiv] Yes, the act has been adopted, and, as in any state based on the rule of law, we will submit to it and run in accordance with it.

[Andreyeva] And on what part of the progressively thinking, reform-minded members of the new parliament can we count?

[Stetskiv] This might seem somewhat romantic, but on one-third, about 130-150 persons, I believe.

[Andreyeva] Your forecast is quite optimistic; on what do you base this optimism?

[Stetskiv] On a particular analysis. First, I can in descending order of chances, so to speak, name the three main forces that will play a part at these elections: the “power party,” the corps of directors, and the interests of private business. Second, even at the most critical moments of its existence, society does not elect a large percentage of marginals of both a communist and nationalist persuasion. Marginals are of no benefit to any of the above-mentioned three forces, and they will all try to promote those of a more or less centrist frame of mind. Only the corps of directors and the power party will rely on people whose thinking tilts in the direction of the preservation of state property, and private property will support those who are more explicitly oriented toward capitalism. Thus the center, constituting the main part, will be divided into two groups.

[Andreyeva] We have already had something similar. If it is considered that private business is weaker than the other forces mentioned, the groups will be unequal. The difference in interests has already produced an inconsistency, which we spoke of earlier, which has jerked society around. Are you, who put yourself among the reformers, not afraid of once again being in the obscure minority?

[Stetskiv] This cannot be ruled out. But it seems to me that the new parliament will be, if not by much, better. It is worth going to the polls, worth voting, even for this. If we elect no one, we will get dictatorship. As regards obscure opposition. It seems to me that the confrontation in the new parliament will differ from the confrontation in the previous one: In the present one the contradictions of the opposition and the majority have been of an ideological nature; in the next one, they will assume an economic nature.

[Andreyeva] It is hard to believe that things will get easier thanks to a change in the nature of the confrontation, and in such a vital direction, what is more.

[Stetskiv] The point is that the contradictions will not be implacable. The struggle will be conducted over the pace and direction of the reforms. After all, even the body of state directors understands that it is no longer possible to preserve everything as it is. The contradiction will be between the supporters of a quiet drift in the direction of capitalism, into which it is desirable for them to ride, high up on their sluggish camel, and the supporters of this form or the other of shock therapy capable of producing a visible result.

[Andreyeva] Nonetheless, the last question from a pessimist, of whose role today, judging by my frame of mind, I will not manage to rid myself. What if there is once again a blank confrontation? The nerves of the members of the opposition at the microphones, the withdrawals and arrivals, sundry demarches (there is nothing left, after all), and the next day we read the text of the latest law, pushing the country toward ruin? What,

in your view, should be the actions of people today heading for parliament with the best of intentions?

[Stetskiv] If it is like this, the sole opportunity for the market opposition is to put the emphasis on the presidential elections. To try to realize the alternative of a decisive reformer president. If this is unsuccessful, there will be distressing times for Ukraine.

Journalists Charge TV Censorship

944K0502A Kiev NEZAVISIMOST in Russian
22 Dec 93 pp 1-2

[Article by Vasilii Anisimov and Oleg Markevich: "Toughening Political Censorship on Ukrainian Television.... The Year of Censorship"]

[Text] It must be confessed that this kind of action from the television journalists was expected. Like Kim Il-sung in spirit and form, national television has long since become just as exotic in our country as the picturesque canvases of the socialist realists. Who just in recent years has not "collided" with Ukrainian television, starting with Prime Minister L. Kuchma and ending with rank and file television viewers. But in vain! The reigning nomenklatura is guarding the stronghold of information supremacy and influence on the popular masses like the apple of its eye. But now, on the eve of the elections, the party in power, in the words of A. Lavrinovich, is trying to take the entire information space under its control, which is why political censorship is being toughened, but where its opportunities are limited—an economic noose is used.

Patience ran out at the Gart youth studio. Incidentally, the same one to which we are obligated for the rare and really talented programs that appear on UT-1 [Ukrainian Television-1]. As a sign of protest, the collective of the editorial office last Friday came out with this announcement right on the air:

"1. Censorship has been introduced on Ukrainian television.

"2. In particular, the "Gart Youth Studio," which has always tried to speak to you honestly and frankly, became an object of pressure today on the part of the leadership of the State Television and Radio Broadcasting Company.

"3. At first, your right to receive full television information was taken away from you, and now our right to speak honestly from the screen is being withdrawn.

"4. Recently, critical materials concerning the situation in the state were removed in the programs of our editorial offices—"Business Report" and "Gart Youth Studio." The program "Fanton" has disappeared from the air.

"5. 'In a society in which the freedom of speech does not exist, it makes no sense to talk about any kind of other freedoms.' This is not our quote.

"6. We are warning that everything is being prepared in state television and radio broadcasting so that the reform forces do not receive access to the air during the coming election campaign. The sad experience of our Gart is evidence of this.

"7. Aware of what awaits us after going on the air (possible dismissal from state television), we are deliberately taking this step (going on the air with the announcement) as journalists who want to preserve the honor of their profession.

"8. Therefore, the 'Gart Youth Studio' demands that the leadership of the State Television and Radiobroadcasting Company create conditions of work for the journalists that are generally accepted in a democratic society.

"9. Everyone who watches and knows us—if you are with us—we are relying on your support."

After this, materials came out on the air that were prohibited by the leadership of UT-1 from being shown. The journalists who were invited to the studio became witnesses to numerous telephone calls in which viewers expressed warm support for the courageous act of the journalists. They were joined by the employees of other editorial offices and services at 26 Kreshchatik Street.

On the next day at a conference of the Independence journalists trade union, Viktor Pavlyuk, the editor in chief of the program for youth, said: "It is senseless to talk about freedom of speech on state television. The leadership is being arbitrary, taking refuge in the fact that Ukrainian Television is a governmental and presidential structure. We are deprived of the right to speak honestly and frankly from the screen. And we really envy our colleagues from the independent newspapers for whom the time of censorship is in the past. We have censorship—this is not only the removal of materials and episodes, it is contained in all of the organizational activity of the television company. If, for example, out of a dozen editorial offices of our television, each had had an opportunity to express its point of view on the GKChP [State Committee for the State of the Emergency], then the people of Ukraine would have heard at least several different opinions, but not disgraceful silence. Freedom for the editorial office and freedom for the journalists is all that we are trying to get."

"We wanted our own hour on the air," said Dmitriy Tuzov, a Gart journalist, "to make it so that it would not be like UT-1. It is not for me to tell you what kind of television channel that is. You yourselves see: It is done in such an impotent way that, in principle, it is impossible to watch it without tears. However, this hour also stuck in the craw of the leadership."

Yelena Prygova, the studio editor, was even more categorical: "We are not cattle, which the former party workers and the current leaders of the television company are trying to make us out to be. We created this

television and are proud of our work. We are citizens, we are journalists, and we will stand to the end."

There is no need to guess what the reaction has been of Messrs. Okhmakevych and Kulik, the leaders of the teleGULAG, to the demarche of those desiring freedom for the journalists. It has already been recommended to Viktor Pavlyuk that he write a resignation statement. There has been criticism of other Gart employees. However, it will hardly be possible on the sly to give short shrift to the "rebels" (the statement was signed by 18 persons; that is, almost the entire editorial staff). Speaking in support of the Gart protest against the violation of the freedom of speech in Ukraine were leaders of the executive committee of the Free Trade Unions of Ukraine, well-known political and public figures—V. Yavorivskyy, V. Chornovil, A. Lavrinovych, L. Lukyanenko, O. Omelchenko—and the Fund for the Independent Press of Ukraine. Deputy Vorobyev spoke in parliament regarding Gart, and N. Spis, the chairman of the commission on questions of openness and the mass media, advised N. Okhmakevich not to adopt repressive measures. But the question is, what is left for the latter to do? After all, give journalists freedom, and it is hardly likely that any will voluntarily want to sing prayers of praise to the president....

New Business-Oriented Party Formed

944K0459A Moscow NEZAVISIMAYA GAZETA
in Russian 11 Dec 93 p 3

[Report by Vladimir Skachko: "Culmination of Stratification of the Nomenklatura: Gromada—New Political Party of Business Managers"]

[Text] The constituent congress of a new political party called the All-Ukraine Gromada Association (VOG), which marked, it may be said, the culmination of the process of stratification of the Ukrainian nomenklatura, has been held. The reason for this was the varying degree of recognition of new economic interests, and the coming parliamentary and presidential elections have been the motive for the structuring of nomenklatura groupings. The former middle tier of the Soviet nomenklatura which has something to lose in Ukraine and which concentrated its capital locally, having invested it in the industry of the regions, has, according to the delegates to the congress, united in the VOG. They described themselves as industrial workers who have "preserved property" and authority, know how to work, and wish to openly avail themselves of the results of their labor and afford the rest of their fellow citizens an opportunity to make an honest living. The VOG's newly elected leaders explain the desire to unite in an independent political party for participation in the elections by the fact that political parties that could satisfy their interests are lacking in the republic at this time. The VOG declared at the final news conference of the congress that it intended to nominate its candidates for people's deputy and also intended to support people with similar views, if there

are such. An adviser to the present Ukrainian Government, Aleksandr Turchinov, who, confirming the opposition nature of his organization, declared that he had resigned from the Cabinet of Ministers of Ukraine, was elected leader of the VOG. He declared also that the VOG "was created not on the strength of leaders but in adaptation to a program" and that, consequently, it had nothing in common with the recently organized bloc of Vladimir Grinev and Leonid Kuchma.

The VOG program, which consists of two sections—Salvation and Development—may unequivocally be characterized as liberal in the strictest pragmatic version. The summary statement of the VOG on the program's main task says: "To introduce in practice a program for the salvation and development of Ukraine, which means: the lowest taxes on the territory of the CIS, the best investment climate and the biggest privileges for exporters in the CIS, civilized privatization, the structural reorganization of the economy, the surmounting of inflation, and the effective social protection of the population." Aleksandr Turchinov added at the news conference one further program point of considerable importance—the legalization of all sums of capital, other than criminal capital obtained from the sale of narcotics and weapons, racketeering, robbery, and so forth. Only shadow capital that is not legalized within a strictly established timeframe would, according to the VOG program, be subject to confiscation.

Among other measures, the VOG proposes, in particular, the establishment of a single value-added tax at a rate of 10 percent and a profits tax of 25 percent, the establishment of the maximum rate of a differentiated personal income tax at 30 percent, and the abolition of all restrictions and fines for wage increments. The VOG supports the customs-free, license-free, and quota-free exports of Ukrainian finished products in the pursuit of a strict protectionist policy, the creation of free economic zones, the priority privatization of insolvent enterprises, and so forth.

The strict introduction of the rule of law and observance of legality and the creation of efficient professional armed forces and law enforcement authorities is one of the points of the VOG program. But Sergey Lylyk, chief political scientist of the organization, rejected the possibility of the imposition of a state of emergency in Ukraine and declared that such a step would be a national catastrophe for Ukraine since "the country has neither a program of activity under state of emergency conditions nor a team to realize it." At the same time Sergey Lylyk declared that his organization would fight the imposition of a state of emergency by any means. One of his associates added: "By any constitutional methods." It should be mentioned also that the possibility of the imposition of a state of emergency in Ukraine was also rejected the same day at a news conference by Vyacheslav Chornovil, the leader of Rukh [Ukrainian People's Movement for Perestroika] and a

member of parliament, and it would seem that the rumors of a state of emergency in Ukraine have thus far been exaggerated.

ECONOMIC AFFAIRS

Yevtukhov Discusses Development of Entrepreneurship

944K0506A Moscow *DELOVOY MIR* in Russian
23 Dec 93 p 4

[Interview with Vasylyy Ivanovych Yevtukhov, deputy prime minister, Ukrainian Cabinet of Ministers, by Valentin Khalin, special correspondent: "Our Entrepreneurs Must Be Free To Handle Both Money and Business on Their Own"]

[Text] Valentin Khalin, our special correspondent in Ukraine, interviews Vasylyy Ivanovych Yevtukhov, deputy prime minister, Ukrainian Cabinet of Ministers, on the development of entrepreneurship in Ukraine.

[Yevtukhov] The overall picture in our country is as follows. Last year we observed a precipitous growth of entrepreneurial structures; it amounted to a factor of 2.6 as compared with the preceding year. This includes the following growth factors: in industry—2.3, construction—1.9, trade, public dining and food services, as well as wholesale and middleman-type operations, or—to put in more succinctly—in the trade group—4.9, and in the finance-credit and insurance sphere—4.6. As a rule, these are medium- and small-sized enterprises; despite such a precipitous growth, the number of employees in them increased by a factor of only 1.4.

This year there has been a decline in the growth rate of small enterprises. There are several reasons for this. One of them is the fact that many private entrepreneurs overestimated their own powers and possibilities. At first everything proceeded quite easily: They registered their own businesses, obtained licenses, current enterprise accounts, seals or stamps, and other requisites—all without any red tape. But then, in the words of the old proverb: "It was smooth going on paper, but they forgot about the ravines." Because, of course, even the most capable and bold-spirited businessmen bear upon themselves the brand of that leveling-mandatory distribution system which all of us have been striving—with very great difficulty—to break away from. I do not mean to say that such "owls" are talentless people. On the contrary, among our businessmen there are many, many imaginative and clever persons who can "spot" their Western partners a hundred points. And it's a well-known fact that when one of our fellow-countrymen was in the United States, he noticed a price differential of only half a cent per gallon on gasoline between two neighboring states; and he was able to make some good money by using this knowledge. His American colleagues could only spread their hands wide in amazement; here was a profit which had slipped right through their fingers. Most of our home-grown entrepreneurs, however, are taking just their first steps in business. They are

still basically used to a kind of tutelage or guardianship: Give them this and provide for that. And take, for example, the psychological pressure from the people around them—people who have created an aura of criminality around the entrepreneurs. It must be admitted that one does occasionally encounter money-grubbing self-seekers and tricksters among them, but—taken en masse—they are persons with initiative, persons who every day take the risk of losing everything which they have earned so far.

However, I have digressed from the main point. On the whole, the situation is really not too gloomy. During the present year [1993] production at the state-owned enterprises declined, whereas in the nonstate sector of the economy it has doubled. Labor productivity is growing at small enterprises, marking time at collective enterprises, and sharply declining at state-owned enterprises. In my opinion, these indicators speak for themselves: We must open up a wide expanse for private initiative.

[Khalin] Do you mean, Vasylyy Ivanovych, that the decisive word lies with privatization, and that it needs to be given a helpful push, as is now being done in Russia?

[Yevtukhov] Privatization is not a panacea for all our ills, but rather only one of the means for enhancing the efficiency of our fixed capital. Yes, the Ukrainian government is in favor of privatization, but not for one and all—not in any blanket sense. Take, light industry, for example; It gives a quick payback to the service sphere, and this proceeds less painfully. But in heavy industry—for example, in the metallurgical and chemical industries—we must approach this matter more carefully: Here we should begin with the subdivisions and individual units. One would not privatize a blast-furnace shop, but you could do so in the case of a transportation shop connected to it. The same thing pertains to management structures. Take the West, for example. There the steel-foundry branch is a state-run sector, whereas management is private. What I mean to say is the following: In each case it is necessary to seek out the optimum forms of combining interests. On the one hand, to develop private entrepreneurship, while—on the other hand, to demonopolize production, to make it competitive, flexible, and easily manageable.

In short, I am for a selective, smooth, gradual process. To my opponents, who zealously insist on "speeding things up," on transferring Western models to our soil, I cite the following argument: If Western models were mechanically transposed to our realities, things would turn out as they did in the case of Disneyland in France. Remember how many delighted exclamations there were: The American "Land of Dreams" right near Paris! But what happened? It was almost an embarrassingly awkward situation. The public did not exactly flock to Disneyland in droves. For the skeptical, rationally minded

Frenchman a "dream"—as the saying goes—is something fit for lightbulb; he has another way of life, another set of values.

This example, of course, is somewhat abstract or even farfetched. I simply want to point out that privatization will work better if it conforms to our customs, habits, and—in the final analysis—to our predilections.

[Khalin] How is this to be achieved in practice? What is being done by the Ukrainian government in order to develop entrepreneurship?

[Yevtukhov] A long-term State Program has been approved for supporting entrepreneurship. It provides financial, legal, informational, and educational-methodological assistance primarily to those who are capable of breathing life into the priority spheres of economic activity: processing and storing agricultural products, construction and the construction industry, as well as innovations. This work is being coordinated by the Ukrainian State Committee for Assisting Small Enterprises and Entrepreneurship (Goskompredprymatelstvo). Within this committee a National Fund for Supporting Entrepreneurship and Developing Competition has been created. It is being financed both from the budget as well as by funds from the entrepreneurs themselves.

We are paying a great deal of attention to forming a normative base, along with a financial and tax policy for the nonstate sector of our economy. Draft laws on small business, licensing, commercial secrets, and a number of other matters have been submitted to the parliament for examination and consideration.

The goal of this program is to give a new impulse to unleashing business initiative so that it may become a noteworthy force in the economy. As of today, 50,000 small enterprises, 10,500 cooperatives, and 15,000 private farms are producing 10-12 percent of our national product. By the year 1995 the number of entrepreneurial structures will reach 300,000, that is to say, it will more than triple. There will also be a corresponding increase in their proportionate share of the national product.

[Khalin] Would you kindly tell us, Vasylyy Ivanovych, how economic ties with Russia are being built up on the level of small enterprises, and what kind of a line is being maintained here by the Ukrainian government.

[Yevtukhov] We are in favor of openness and mutually profitable cooperation. It is not important where capital is invested just so long as it operates in the interests of the entrepreneur and the state. The main thing is not to interfere in how people handle money and business. By increasing his own income and wealth, a businessman also enriches his own country, provided that he pays the correct amount of taxes. Therefore, we are in favor of minimal regulations with regard to economic ties: Let the entrepreneur himself seek out profitable direct ties. Naturally, no barbed wire along our border with Russia is needed just so long as the existing customs agreements

are lived up to. They allow us to fix and calculate goods turnover, tax revenues, distribute and pay back credits, and so forth.

By my education and previous work experience I am a technical person. Therefore, I know the following: When a complex electronic system gets out of order (and this may be extended by analogy to the former Soviet Union), its adjustment and fine-tuning proceed unit by unit. This is also the case with regard to the bilateral ties between Ukraine and Russia. We must meet each other halfway, including in the development of entrepreneurship, set up and fine-tune mutually advantageous "units" of ties, strengthen them, and the main thing—let me repeat—is not to interfere in the unleashing of business people themselves, not to surround them with a petty kind of tutelage. A narrow-minded business attitude is not tantamount to an efficient, businesslike approach.

[Khalin] One last question, Vasylyy Ivanovych. The Ukrainian press, as well as numerous forums of business circles, have been sharply critical of the government for the disintegration of the economy, the unbridled inflation, and so on. Do you have a specific program for getting us out of this crisis?

[Yevtukhov] Yes, I do. And as to the criticism, can you name me even one state in the world where there are no dissatisfied people? We place great hopes on the coming year. We will have elections to the parliament, and—to my way of thinking—in our contacts with the legislative branch we will give a new impulse to the reforms and start to enter into a market economy at a more rapid pace.

Finance Ministry, National Bank 'Manipulate' Budget Figures

944K0511A Kiev VECHERNIY KYIV in Ukrainian
22 Dec 93 p 2

[Article by Stanislav Babkin: "Economics: Either the Finance Minister Cooks the Figures, Or the Budget Is Very Flighty"]

[Text] The official figures of the Ministry of Finance claim that after 10 months of this year the revenue portion of the consolidated budget (in constant prices) rose by 321 percent while expenditures rose by 317 percent. The consolidated budget deficit equalled K2 trillion, or 11 percent of revenues.

Similar reports used to be prepared before party congresses, to account before the people. The Ukraine budget already resembles a whore supported by officials of the Ministry of Finance and the National Bank, who share her among themselves as entities invested with government status. But facts are stubborn things: it is well-known that the budget deficit no longer includes the shortfalls of the local budgets which hide a system of direct subsidies, of many trillions in loans to loss-making industries which are provided without any guarantees of

being repaid during the given time period and of refinanced credits from the National Bank which are not counted as government debt. This alone allows them to manipulate the figures as they wish. For example, here are the results for the unconsolidated (government) budget for the first 10 months: revenues rose by 303 percent, while expenditures by 352 percent. The budget deficit of K5.713 trillion was covered by National Bank credits amounting to K8.465 trillion. The result: revenues surpassed expenditures by K2.752 billion.

In the West, similar falsifications of facts would have served as the basis of a new Watergate, but in Ukraine budget deficits are written off year after year, while trust for the minister of finance has not diminished.

Today, the Ministry of Finance is the second, after the National Bank, inflationary center. The latter, however, does not react in any way, since it still gets the seigniorage revenues which accrue to it from printing money. (This year, it is 240 percent.) Thus, by distorting the free-market principles of monetary policy, these two naturally antagonistic entities, with the help of the budget, are playing their game. By the way, the attack by the people's deputies on managers of commercial banks, who supposedly receive tens of millions of karbovanets in salaries, would fully apply to the management of the National Bank, who get just as much. But to count other people's money is an ungrateful task. The Ministry of Finance proved this, having declared at the start of December that the consolidated deficit is headed for K20 trillion. For this reason, it was decided to bolster the budget by raising prices by 70 percent in a month, banning banking entities from providing credits, etc. But will it be enough? Independent economists calculate that this year inflation will reach 6,400 percent. It seems that the National Bank will keep printing money for a long time to come. By the way, this is how the current budget ended.

Progress in Privatization of Lvov Viewed

944K0457A Lvov POST-POSTUP in Ukrainian
9-15 Dec 93 p 64

[Article by Dzvinika Novakivska and Petro Zemlyanyy, Professional League advertising and information agency: "Taras Pakholyuk: 'Minor Privatization in Lvov Will Be Completed in the Middle of 1995'"]

[Text] Thanks to Taras Pakholyuk, chairman of the FKM [Communal Property Fund] of the city of Lvov, it was resolved in Kiev, at a conference of chairmen of the FKM's of Ukraine, to establish the Association of Chairmen of Privatization Organs of Ukraine. The privatization organs of local councils are seeking in this manner to neutralize the pressure brought to bear on them by the FDMU [Fund of State Property of Ukraine]—a structure of the Cabinet of Ministers, i.e. of executive power. In an exclusive to Business P-P, Taras Pakholyuk commented on the situation personally.

In the words of Taras Pakholyuk, the main task of the conference in Kiev was to develop joint proposals concerning more intensive conduct of minor privatization for the supreme echelons of power—the president, Cabinet of Ministers of Ukraine, Supreme Council of Ukraine, and the FDMU. At the seminar quite a number of obstacles were revealed which interfere with the regular course of minor privatization as a result of ill-constructed regulatory documents which were confirmed at the level of the FDMU and the Cabinet of Ministers of Ukraine. FKM chairmen set up a working group which drew up a package of proposals concerning privatization for confirmation by the supreme echelon.

Taras Pakholyuk proposed to create a coordinating organ to "push" these proposals in Kiev because a paper "without the footwork" will clearly not work effectively enough. Everyone was prompted to do so by the experience of the previous seminar at which, all the efforts of the chairmen of local funds notwithstanding, neither Volodymyr Pylypchuk, chairman of the commission of the Supreme Council of Ukraine, nor the FDMU leadership responded to the joint decisions of FKM chairmen in any way. For this reason, some of the proposals were included in the new package (nothing changed in half a year). The idea to establish the Association of the Privatization Organs of Ukraine was supported, and a resolution in this regard was passed. Statutory documents will be presented on 8-9 December in Odessa, at an international conference on privatization in Ukraine, where the resolution of all organizational issues will be completed, and, in particular, regulations on the association will be confirmed and the association will be registered. Taras Pakholyuk expects that a support group will be created in the Supreme Council with help from the association as early as this term. This, in a way, will be a lobby which will operate on the principle of the Union of Ukrainian Lessees.

Responding to a question from the correspondent of Business P-P on whether this organ will turn into a self-contained structure, Taras Pakholyuk answered that it will not, because financing will be provided directly by the FKM's. That is to say, they will directly control the actions of the association and pay only if the work of the association is beneficial for the FKM's.

At the same time, Taras Pakholyuk rejected accusations against the local FKM's to the effect that the desire of the funds to maintain independence from the center was the main goal of the creation of the association. He is convinced that the independence of the FKM's, and the local organs of self-government in general, is guaranteed by Ukrainian legislation. "That is to say, we are sufficiently independent to begin with; for this reason, we are not afraid that someone will be able to subordinate us. It is just that at the seminar itself, after getting acquainted with the chairmen of the FKM's, one could conclude that their interest in conducting privatization exceeds that of the FDMU considerably; at least if we analyze approaches to privatization by the FDMU and the local organs, a substantial difference leaps out at us. The

FDMU defends mainly the buyout of enterprises by labor collectives and the establishment of privately held joint-stock companies, that is, privatization strictly for labor collectives. At the same time, the FKM's of Ukraine hold both auctions and commercial competitions; accordingly, more funds are taken in, and the effectiveness of privatization is high. Through competition, property ends up with an effective potential owner who is interested in the greatest possible returns from production."

According to Taras Pakholyuk, the FDMU is directly interested in maintaining or even enhancing control over privatization in Ukraine. It is precisely its efforts to create a vertical hierarchical system of the organs of privatization, subordinated to the FDMU, that accelerated the process of creating the organization. Everybody understood that this was yet another attempt at linking the channels of management through Kiev. However, varied approaches are necessary at the local level, where it is necessary to act flexibly. Thus, Taras Pakholyuk maintains that auctions run into practically no resistance in, for example, rayon seats such as Stryi, Drohobych, and Chervonograd. It is primarily local companies that privatize property, and the threat of an invasion of foreign capital, which some ultrapatriots are so afraid of, is nowhere in evidence.

Evaluating the progress of privatization in Lvov, Taras Pakholyuk indicated that a list of 67 facilities to be privatized had been confirmed at the last session of the city council, and seven winners of an economic competition in October had been designated (the labor collectives of the latter are entitled to buy out their enterprises; however, Business P-P has already written repeatedly about the system of privatization in Lvov along the lines of commercial competitions). The chairman of the Lvov FKM said that this was being hindered somewhat; therefore, it was resolved to extend the deadline for the filing of privatization petitions by the labor collectives of the facilities. As far as the current winners in the commercial competitions are concerned, at present their property is being inventoried and the price at which it will be proposed to enterprises to buy it out is being determined. Then it will remain for them to confirm their desire to be bought out within 15 days. If the decision is favorable, an economic unit based on the labor collective—a joint-stock company or an association of buyers—will become the owner of the property. They will be granted the right to lease for a five-year term.

Taras Pakholyuk maintained that in principle privatization deadlines set by the government for Lvov are realistic. However, there are problems, too. "Privatization definitely will not be completed before the end of the next year. There are many enterprises that need to be privatized. Even if we privatize 70 percent of the enterprises in Lvov, about 1,700 facilities will remain, and it is difficult to privatize them within one year. The process will most likely be completed before mid-1995. However, there is

another snag. Certainly, less than one-half of the enterprises will be sold through competitive privatization techniques (auctions, economic competitions). Since to date we have witnessed the desire to block them, no changes for the better are expected. The results will be apparent at the end of this year or the beginning of next year, when we finish accepting petitions for 67 facilities, of which there should be no fewer than three per enterprise. Auctions will then begin."

Decree on Republic's Economic, Social Condition

944K0489A Kiev GOLOS UKRAINY in Russian

21 Dec 93 p 2

[Decree of the Supreme Council of Ukraine on Economic and Social Conditions in Ukraine]

[Text] After hearing and discussing reports on issues pertaining to socioeconomic conditions in Ukraine and the urgent measures needed to eliminate hyperinflation that were delivered by Ye. L. Zvyagylskyy, prime minister of Ukraine, V. A. Yushchenko, chairman of the board of the National Bank of Ukraine, and R. V. Shpek, Minister of Economics, the Supreme Council of Ukraine decrees as follows:

1. Take note that the Cabinet of Ministers of Ukraine, the National Bank of Ukraine, and local organs of power failed to implement the decision of the Supreme Council of Ukraine regarding priority measures for the social protection of the population, as a result of nonobservance of the legislation of Ukraine, which led to a further decline in the living standards of the people and aggravation of social tension in society, following a routine rise in prices.

2. Take note of the urgent measures elaborated by the government for normalization of the socioeconomic situation and elimination of hyperinflation in Ukraine placing responsibility for the consequences of their realization on the Cabinet of Ministers of Ukraine within limits of its authority.

3. Prior to 1 January 1994 the Cabinet of Ministers of Ukraine, National Bank of Ukraine, the Fund of Ukrainian State Property, power organs of the Republic of Crimea, local state administrations and organs of local and regional self-government are to bring enforceable enactments created by them into compliance with the legislation of Ukraine.

4. Appeal to the president of Ukraine, as guarantor of the observance of the Constitution of Ukraine and the laws of Ukraine, with the following proposals:

Bring the edicts and directives of the president of Ukraine into accord with existing legislation of Ukraine while intensifying his personal responsibility for adoption of the decisions of the government, organs of power of the Republic of Crimea, and local state administrations which may lead to a decline in the living standards of the citizens of Ukraine,

deterioration in the conditions of production and entrepreneurial activity, inefficient utilization of financial and material resources of the state, conduct of privatization with violation of legislation and a decrease in the operational efficiency of privatized enterprises, destruction of market structures, and a decrease in the economic potential or intensification of the economic dependence of Ukraine on individual states.

The Cabinet of Ministers of Ukraine is to submit proposals on the introduction of changes and amendments in legislation for study by the Supreme Council of Ukraine for the purpose of eliminating obstacles hindering the conduct of market reforms and stabilization of the economic and social situation in Ukraine.

5. By way of supervision in January 1994 the procurator general of Ukraine is to check on progress achieved in bringing enforceable enactments issued by the government, the National Bank of Ukraine, the Fund of Ukrainian State Property, organs of power of the Republic of Crimea, local state administrations and by organs of local and regional self-government into compliance with the legislation of Ukraine.

6. Before 21 December 1993 permanent commissions of the Supreme Council of Ukraine on legislation and legality and on questions of law and order and the struggle against crime, are to submit the draft of a law on intensification of the responsibility of officials for actions violating the existing legislation of Ukraine for consideration by the Supreme Council of Ukraine.

7. Void Point 2 of the decree of the Supreme Council of Ukraine of 17 June 1993 on the placement into circulation of first emission payment means and regulation of cash flow in the second quarter of 1993.

Establish that decisions concerning issue of money and crediting of current expenditures, including the deficit of the state budget, are to be made exclusively by the Supreme Council of Ukraine.

8. Note that up to the present time the government has not fulfilled the decree of the Supreme Council of Ukraine of 19 November 1993 on settlement of accounts for agricultural products delivered to state resources in 1993 and demand its unconditional fulfillment by the Cabinet of Ministers of Ukraine, which is to be reported to the Supreme Council of Ukraine prior to 15 January 1994.

9. The Cabinet of Ministers of Ukraine, National Bank of Ukraine, the Fund of Ukrainian State Property, and the Office of the Procurator General of Ukraine are to submit information to the Supreme Council of Ukraine prior to 30 January 1994 on the fulfillment of Point 3 and Point 5 of this decree.

10. Instruct the Cabinet of Ministers of Ukraine to study proposals expressed by people's deputies of Ukraine in the discussion of that question within a three-day period,

and report measures concerning their resolution to the Supreme Council of Ukraine (Supplement attached).

[Signed] I. Plyushch, chairman of the Supreme Council of Ukraine

Kiev, 17 December 1993

Proposal on Additional Measures to Stabilize Republic's Socioeconomic Situation

944K0489B Kiev GOLOS UKRAINY in Russian
21 Dec 93 p 2

[Proposals on Additional Measures for Stabilization of the Socioeconomic Situation in Ukraine Voiced by People's Deputies of Ukraine]

[Text]

1. As of 1 January 1994 cancel the regulation of the consumption fund of enterprises, eliminating the need for them to pay fines for exceeding the consumption fund in the fourth quarter of 1993.

2. Establish a four-day term for completion of transactions by banks in response to demands for payment and payment orders of clients. For delays exceeding the four-day term the bank shall pay a fine for each day of delay in the amount of 2 percent of the delayed amount to the client of the bank and 2 percent into the budget. The previously adopted seven-day term and the fine to be eliminated.

3. Veto the edict of the president of Ukraine of 11 December 1993 on measures for completion of the 1993 budget.

4. Revoke provisions of the telegram of the Cabinet of Ministers of Ukraine on re-evaluation of the balances of commodity stocks and supplies No. 07-104 of 5 December 1993.

5. Eliminate the issuance of credit on easy terms at the expense of state funds.

6. As of 1 January 1994 eliminate the order in which additional evaluation of balances of commodity stocks and supplies is made as established by a letter of the Ministry of the Economy of Ukraine No 37-20/248 of 31 May 1993 and of the Ministry of Finance of Ukraine No 07-104 of 31 May 1993.

7. As of 1 January 1994 revoke Articles 1 through 10 of the decree of the Cabinet of Ministers of Ukraine No 14-92 of 26 December 1992 on the value added tax. As of 1 January 1994 implement the decree of the Cabinet of Ministers of Ukraine No 12-92 of 26 December 1992 on profits tax of enterprises and organizations.

8. Through 1994 exempt all enterprises with all forms of ownership in retail trade, public catering, domestic services, and those trading exclusively in Ukrainian currency, from tax on profits of enterprises and organizations. Exempt from the profits tax enterprises and organizations part of whose profits is used to supplement working capital.

9. Supplement Point 2 of the decree of the Cabinet of Ministers of Ukraine No 21-92 of 29 December 1992 on the order followed in imposing customs duty on articles exported (shipped) by citizens outside of the customs borders of Ukraine with Subpoint D as follows:

D. Produce grown by citizens in vegetable gardens and on private plots (potatoes, fruit, vegetables, berries, grapes, melons, and products out of them), if certified by local organs of executive power as the property of a citizen and grown by him.

10. As of 1 January 1994 revoke the Decree of the Cabinet of Ministers of Ukraine No 19-92 of 15 December 1992 on the supplementary regulation of lease relations.

11. The Cabinet of Ministers of Ukraine:

Prior to 1 January 1994 is to complete the elaboration of the energy balance of Ukraine for 1994;

Prior to 1 January 1994 establish tariff and nontariff restrictions on noncritical import commodities;

Prior to 1 January 1994 submit a list of goods subject to excise tax and the excise tax rates on these goods for adoption by the Supreme Council of Ukraine;

Complete its elaboration and as of 1 January 1994 start specifically designated assistance for low-income citizens;

Study the question concerning introduction of a ration card system for distribution of essential food items for the duration of the crisis period;

Work out the draft of a law on remuneration of labor before 30 January 1994 submitting it for study by the Supreme Council of Ukraine;

Prior to 1 January 1994 review the list of benefits and nonspecific subsidies being granted for the purpose of either their total revocation or replacement with specifically designated ones;

Prior to 1 January 1994 work out the draft of a law regarding the poverty level submitting it for adoption by the Supreme Council of Ukraine;

Prior to 1 January 1994 prepare a consumer's basket and submit it for adoption by the Supreme Council of Ukraine as the standard for a minimum wage;

Prior to 1 January 1994 submit the draft of a law concerning resumption of indexation of the income of the population for study by the Supreme Council of Ukraine;

Prior to 1 January 1994 submit to the Supreme Council of Ukraine for study a draft of the law on reimbursement of losses of the citizens resulting from devaluation of savings in branches of the Savings Bank;

Prior to 21 December 1993 submit an estimate of the anticipated increase in prices for study by the Supreme Council of Ukraine with an indication of the causes of the anticipated increase;

Prior to 21 December 1993 submit an analysis of the composition of expenditures on production as well as other expenditures in the prices for various groups of commodities for study by the Permanent Commission of the Supreme Council of Ukraine on Issues of Planning, Budget, Finances, and Prices;

As of 1 January 1994 introduce regulation of prices for goods and services with a limited standard profit level and payment of taxes in cases when the standard price level is exceeded by any subject of economic activity;

As of 1 January 1994 introduce limits on expenditures for goods and services connected with brokerage or trading activity amounting to 35 percent of the price of the producer of the goods or provider of services;

Prior to 1 January 1994 establish the order of conducting additional evaluation of balances of commodity stocks and supplies for inclusion in the expenditures on production on the basis of the price growth index for branches as published by the Ministry of the Economy of Ukraine in the press;

Prior to 21 December 1993 submit to the Supreme Council of Ukraine the selection of critical imports by assortment and by suppliers as an element of the foreign currency section of the draft law on the state budget of Ukraine for 1994;

Prior to 21 December 1993 submit data to the Supreme Council of Ukraine on the volume of exports in a selection to cover critical imports included in the state order and state contracts as an element of the foreign currency section of the draft law on the state budget of Ukraine for 1994;

Prior to 1 January 1994 submit to the Supreme Council of Ukraine a program for structural reorganization of industry with special emphasis on critical import goods the organization of whose production is possible in Ukraine, while offering a mechanism to stimulate the structural reorganization;

Prior to 1 January 1994 submit measures to the Supreme Council of Ukraine ensuring the transfer of all subjects of entrepreneurial activity to a profit and loss basis,

including currency self-accounting, at the same time devoting special attention to enterprises in the energy complex;

Prior to 1 January 1994 submit measures to the Supreme Council of Ukraine ensuring price parity of industry and agriculture;

Prior to 30 January 1994 submit the draft law on currency regulation for study by the Supreme Council of Ukraine;

Prior to 30 January 1994 submit the draft law on remuneration of labor for study by the Supreme Council of Ukraine with assurance of parity of prices for labor and for consumer goods and agricultural products;

Prior to 30 January 1994 submit the draft law on the state enterprise for study by the Supreme Council of Ukraine;

Prior to 30 January 1994 submit the draft law on enterprises with nonstate form of ownership for study by the Supreme Council of Ukraine;

Prior to 30 January 1994 report to the Supreme Council of Ukraine on the application of the law on bankruptcy and measures used to sanction enterprises;

Provide for a decrease in the size of the state apparatus in the draft law on the state budget of Ukraine for 1994 to the level existing on 1 January 1992;

Prior to 21 December 1993 submit the draft law on replacement of mandatory sale of foreign currency with a tax on foreign currency profits for study by the Supreme Council of Ukraine;

Prior to 21 December 1993 submit tax measures stimulating rational land use for study by the Supreme Council of Ukraine;

Prior to 1 January 1994 submit for study by the Supreme Council of Ukraine the draft law on transfer of municipal motor transport pools to local soviets with introduction of appropriate changes in the budget;

Prior to 1 January 1994 study the question concerning breakup of the Ministry of Transport of Ukraine;

Prior to 30 January 1994 submit measures aimed at refining legislative and enforceable enactments on privatization for study by the Supreme Council of Ukraine;

12. Prior to 1 January 1994 the Commission on Mandates and Deputy Ethics of the Supreme Council of Ukraine is to analyze fulfillment of decrees and protocol instructions of the Supreme Council of Ukraine and those which were not fulfilled as of 15 December 1993 and whose fulfillment deadline has passed, are to be presented for familiarization by the people's deputies of Ukraine.

Experts Caution Against Introducing Hryvnya Under Current Circumstances

944K0450A Kiev NEZAVISIMOST in Russian
15 Dec 93 pp 1, 3

[Article by Yanina Sokolovskaya: "The Hryvnya Will Kick In on Thursday—When Pigs Fly?"]

[Text] As if a magician, the government has finally produced from its sleeve a trump card which was secreted there for a long time—the national currency, the HRYVNYA. Waving it before the nose of the man in the street, the government uttered a tirade about the prompt stabilization of the economic situation in the country and the introduction of a new monetary unit which would be capable of real conversion.

It remains a rhetorical question whether this is possible given hyperinflation, a 13.3-percent drop in production, and other economic "joys." As Minister of the Economy R. Shpek hinted, at a minimum, equilibrium should be restored at the macrolevel and a stabilization fund of the new monetary unit should be established in order to introduce the hryvnya properly. According to data from experts, \$2-3 billion will be needed to this end. Meanwhile, the National Bank of Ukraine does not have such funds, as V. Yushchenko, its chairman of the board, testifies. The 10 percent of foreign exchange sold to the state on a compulsory basis which is called upon to generate this fund will hardly be able to serve as even a feeble prop for the hryvnya.

However, this does not at all mean that the public release of the Ukrainian currency is far away. According to a report from Deputy Prime Minister V. Landyk, this will happen after New Year's day. As V. Yushchenko specified, "on one of the Thursdays." In all of this, as recently as a few weeks ago, it was planned to count on the cost of one hryvnya coming to 1,000 karbovantsy. Now the hryvnya is valued at 10,000. This multiple will change as time goes by, and it will hardly change downward. For now, the economy of Ukraine continues to exist in the environment of a dual-rate policy. One of the rates will be established on the exchange where 4 to 7 percent of the foreign-exchange proceeds of Ukraine will be sold. The second, official exchange rate will be set a day later at a meeting of the tender committee consisting of the representatives of ministries and headed by V. Landyk. This committee will decide who to give or not to give the foreign exchange to, having compiled a list of enterprises and high-priority facilities that need it. At present, according to the committee's calculations, the exchange rate of the dollar comes to 12,600 karbovantsy whereas by the end of the year it will not be higher than 25,000 karbovantsy. The chief of the committee observed: "Everything will depend on our work and on the issuance of inflationary karbovantsy; after all, our rate is no longer fixed but floating."

However, despite more favorable currency regulation, many enterprises are getting ready to go bankrupt before the introduction of the hryvnya. Their number has

already been calculated by the Cabinet of Ministers. In the event of a sharp increase in unemployment, which is called the "period of plummeting," the Cabinet of Ministers confirmed a program of public works which calls for the use of funds from the budget (in order to have something with which to occupy the people who have lost their jobs).

However, this is not a mandatory stage on the path toward reforms. The streamlining of enterprises will be conducted which, in the opinion of the government, may solve their problems.

The rest of the salutary measures of the government fit within a program for urgent measures to overcome hyperinflation in Ukraine which has been adopted by the Cabinet of Ministers. According to the program, in the future our reforms will balance the full freedom of the market and administrative regulation, advancing along the path of "strictly disciplined market relations."

However, even if we succeed in avoiding a new cycle of inflation owing to these measures, they are hardly adequate to completely prepare the Ukrainian scene for the appearance of a new national currency. At a minimum, a certain sustenance is required to ensure the viability of this currency—a state loan and liberalization of foreign economic relations. While the National Bank of Ukraine, together with a group of specialists, is preparing to issue bonds, the Ministry of Foreign Economic Relations, in its turn, is trying to expand foreign trade, although these measures could hardly be called complete liberalization. While export duties are canceled, a system of quotas remains. Import restrictions are introduced. The "go-ahead" will mainly be given to raw materials imported to the country.

Be that as it may, in the opinion of experts Ukraine so far lacks appropriate funds for the introduction of the hryvnya. In turn, the government does not venture to seek assistance from international organizations—the International Monetary Fund and the World Bank. In the words of government representatives, "as a member of the fund, we may demand support from it. However, we will not ask."

This is a rational thought: In the opinion of D. Kaufman, the representative of the World Bank in Ukraine, the introduction of the hryvnya under current conditions makes no sense and is capable of bringing about not only its depreciation but also the complete economic collapse of Ukraine. Domestic experts foretell the same fate of the hryvnya.

However, we should hardly expect the government to give up its boldly planned hryvnya-step. As a deputy prime minister said on one occasion, "We will proceed to take measures so as to work in a market environment while simultaneously continuing our policy." We are left hoping for a delay. Otherwise, the unviable Ukrainian currency will be introduced with a move of the imperious baton on a not-so-remote Thursday. It will kick in then—when pigs fly.

Bankers Appeal to Populace To Bolster Economy

944K0450B Kiev NEZAVISIMOST in Russian
15 Dec 93 p 6

["Appeal by the Bankers of Kiev to the Ukrainian People"]

[Text] We, a group of bankers from Kiev, appeal to you in order to facilitate efforts to develop the Ukrainian economy, to reinforce our statehood, and mainly to defend our long-suffering people.

First of all, all of us should answer simple questions honestly. Why has Ukraine, one of the richest countries of Europe, ended up in a catastrophic economic situation, with a majority of its population turned into beggars? Why does the wage of a working person range between \$55 and \$90 at present in the Baltic republics of the former Soviet Union, whereas it is dozens of times less in our country?

A tremendous deficit of the state budget is the main cause of our misfortune. Unfortunately, our government has long been living beyond its means.

Some politicians and members of the government are now assuring the people that commercial banks are to blame for high prices, a shortage of goods, and the buildup of inflation. All of this is slander.

Commercial banks that have been established control only about 10 percent of all state finance. They have never carried out credit emissions; they mainly serve market structures. Moreover, it is precisely the established commercial banks that provided and still provide services to citizens that protect their savings in a hyper-inflationary environment far better than the state.

They accuse the commercial banks of generating great profits, assuring us that the banks are "getting fat." This does not conform to the truth, either. The greatest profits have been derived through the circulation of the "free-of-charge" emission money which our banks do not have anything to do with directly.

We are warning you, citizens, that the current offensive against the established commercial bank is an offensive against private enterprises. It is the abandonment of the market-economy path which all of humanity is taking. Our people have been drenched in the blood of the revolution, and have survived famine and Stalin's dungeons. Do we really have to once again go through all the torture in order to ascertain that market-based regulation of the economy is the most effective, and that it is impossible without commercial banks?

Inflation is not a natural disaster; it is created by governments and the economic forces that stand behind them. In view of this, a government of social accord with a market orientation, which will be capable of containing inflation, is an urgent necessity.

The Supreme Soviet has been passing laws which have been mostly prepared by the government. However, our prime ministers have demanded additional extraordinary powers all along. As we see it, the reason has been that people who were not familiar with market-economy relations undertook to provide state leadership. They, rather than the commercial banks have led the people of Ukraine into the current catastrophic situation.

We understand that the people are tired, and pessimism prevails in our society. However, under the circumstances we call on you to support people with market-oriented thinking rather than demagogues who are promising you social equality for the n-th time.

Commercial banks have now been turned into a target for dubious economic experiments. As a result of this, the state loses enormous funds, and the life of the people worsens still more. Credit "ceilings," bans on credit extension, and other nonsensical ideas have put commercial banks and enterprises in a very difficult situation. It is precisely for this reason that store shelves have become barren, heat and light are in short supply, and transportation operates poorly. Economic problems are being solved in an administrative manner; a regulatory and legislative base for the development of entrepreneurship is lacking. However, we believe that reason, professionalism, and balance will ultimately prevail. We call on all citizens who are not indifferent to a future prosperous Ukraine to pool their efforts in order to create, rather than destroy the economy.

We are also addressing our colleagues with a proposal to hold a meeting of all Ukrainian bankers shortly in order to consolidate positions regarding the restoration of the credit and finance system. A group of bankers from Kiev has agreed to immediately begin the development of the drafts of key laws, and is prepared to take part in the development of a government program for overcoming the economic catastrophe. We consider it feasible to create the Kiev Banking Union which will have an opportunity to respond quickly and effectively to all changes in the life of the state and its capital city.

In the future, commercial banks will continue efforts to maintain and enhance the well-being of their depositors, proving by their deeds that commercial banks serve the good of Ukraine and each of its citizens.

On the eve of the New Year we wish you, fellow countrymen, happiness and accord!

[Signed] O. Assonov—the Yunivers Joint-Stock Investment Bank

S. Arzhevitin—the Azhio Joint-Stock Bank
V. Borisenko—the Liga Joint-Stock Bank
V. Burakova—the Interbank Joint-Stock Commercial Bank
S. Buryak—the Brokbiznesbank Commercial Bank
M. Vovk—the Demosbank Cooperative Bank
S. Vovchenko—the Business Cooperation Bank
I. Yevseyenko—the Commercial Pochta-Bank
V. Kaipetskiy—the Lanbank Joint-Stock Bank
V. Kvyat—the Geosantris Joint-Stock Commercial Bank

N. Kokareva—the Legbank Joint-Stock Commercial Bank
I. Lazepko—the Intellectbank
V. Lashkevich—the Kievdorbank Commercial Bank
Yu. Lyakh—the Ukrainian Credit Bank
L. Marchenko—the All-Ukrainian Joint-Stock Bank (Va-Bank)
L. Milevich—the Mebelprombank Commercial Bank
P. Miroshnikov—the Inko Joint-Stock Bank
R. Mosina—the Slavutich Joint-Stock Commercial Bank
O. Novikov—the Ukrainbank Joint-Stock Company
A. Palamarchuk—the Mriya Joint-Stock Commercial Bank
Ye. Patrushev—the Energobank Sectoral Commercial Bank
A. Skopenko—the Vidrodzhennya Ukrainian Bank
G. Stanilevich—the Universal Commercial Bank
A. Fedotov—the Edland Commercial Bank
M. Chernyuk—the Ekomedbank Ukrainian Bank
A. Shkolnik—the Antek Joint-Stock Bank
F. Shpig—the Aval Joint-Stock Commercial Bank

Decree on Additional Monetary Payments to Population in Connection With Price Increases

944K0407A Kiev GOLOS UKRAINY in Russian
7 Dec 93 p 2

[Decree No. 975, "On Additional Monetary Payments to the Population in Connection With the Increase in Retail Prices and Wage Rates," 2 December 1993, Kiev]

[Text] The Cabinet of Ministers of Ukraine decrees:

1. To establish monthly additional payments to the population, effective 1 December 1993, in the following amounts:

1) 63,000 karbovantsy:

a) to workers who are in work relationships with enterprises, institutions, and organizations, regardless of the forms of property (except for working pensioners), whose wages for the previous month, together with the additional monetary payments stipulated by subparagraph 1 of paragraph 1 of the present decree, do not exceed by 20 times the minimum wage established by the decree of the Supreme Council of Ukraine of 25 November 1993.

The additional monetary payments are made at the main place of work at the expense of:

resources being directed at the payment of the basic wage above the estimated size of the consumption fund to workers of enterprises and self-supporting organizations;

resources of pertinent budgets—for workers of institutions and organizations that are maintained at the expense of resources of the budget;

b) to convicted persons who are engaged in work (except for those who are serving sentences in correctional labor colonies), and also persons who are in labor treatment

clinics of the Ministry of Internal Affairs, on the condition of their fulfillment of output norms or established tasks.

The additional monetary payments are added to the personal account at the place a sentence is being served or the place of treatment at the expense of resources being directed at the payment of the basic wage above the calculated size of the consumption fund;

c) to persons who lost work in connection with changes in the organization of production and work, including the liquidation, reorganization, or re-profiling of an enterprise, institution, or organization, a reduction in the number or staff of workers, and for whom an average wage is maintained in accordance with the previous place of work for the period of job placement, but for not more than three months.

The additional monetary payments are made according to the previous place of work at the expense of resources of enterprises, institutions, and organizations directed at the payment of the basic wage above the calculated amount of the consumption fund. In the event of the liquidation of an enterprise, institution, or organization, payments are carried out by the liquidation commission at the expense of resources provided for these purposes;

d) to persons discharged from work in connection with the liquidation of an enterprise, institution, or organization who are on leave to take care of a child until it reaches three years of age.

The additional monetary payments are made by organs for the social protection of the population at the place of residence at the expense of resources of the Pension Fund, with the subsequent reimbursement of expenditures from local budgets;

e) to full-time doctoral and graduate students and clinical interns.

The additional monetary payments are made at the place of study at the expense of sources from which grant payments are conducted.

2) 44,000 karbovantsy:

a) to pensioners of all categories (except those on full state maintenance) whose pension scale for the previous month, together with the additional monetary payments provided under subparagraph 2 of paragraph 1 of this decree, does not exceed 10 times the minimum pension established by the decree of the Supreme Council of Ukraine of 25 November 1993.

The additional monetary payments are made at the place where the pensions are received at the expense of resources from which the payment of pensions are conducted;

b) to the unemployed who receive unemployment benefits or grants for the period of professional training and retraining.

The additional monetary payments are made by job placement organs at the place of registration at the expense of resources of the State Fund for Employment Assistance for the Population;

c) to women from among those service personnel discharged from the Armed Forces, National Guard, Border Troops, Security Services, Civil Defense Troops, and other military formations in connection with pregnancy and childbirth.

The additional monetary payments are made by organs for the social protection of the population at the place of residence at the expense of the resources of the state budget;

d) to one of the unemployed able-bodied parents, or to a person taking the place of parents and who continuously looks after a invalid child until the age of 16 years;

3) 25,000 karbovantsy:

a) to persons having a right to receive allowances for each child up to 16 years of age (students—up to 18 years of age) in accordance with Chapter 7 of the Law of Ukraine "On State Subsidies to Families With Children."

The additional monetary payments are made at the place of work (study, service) of the mother, and in the event that the mother does not work (or is not a student or in the service)—at the place of work (study, service) of the father, and in the event of the absence of parents—at the place of work (study, service) of the persons who replace the parents; if the parents (or the persons who replace them) do not work (are not students, or in the service), at the place of their residence by organs for the social protection of the population at the expense of the local budgets;

b) to students of professional educational institutions (except those on full state maintenance), and full-time students of VUZ's [higher educational institutions].

The additional monetary payments are made at the place of study at the expense of resources earmarked for the payment of grants.

2. The monthly additional monetary payments will be made at individual departments and will not be included in the official wages and wage rates. In December of this year, these payments will be made preliminarily before the 15th.

3. The Ministry of Finance will take into account the expenditures associated with additional monetary payments to the population in changes to the state budget in 1993.

4. To recommend to the National Bank jointly with the Ministry of Finance to resolve the question on granting the Pension Fund favorable credit to implement additional monetary payments to the population in connection with increased retail prices and wage rates.

5. The Ministry of Labor, the Ministry of Economy, and the Ministry of Finance will give explanations on questions of conducting additional monetary payments.

6. To declare as no longer valid Decree No. 674 of the Cabinet of Ministers of Ukraine of 30 August 1993 "On Additional Monetary Payments to the Population in Connection With the Increase in Retail Prices."

[Signed] Acting Prime Minister of Ukraine Ye. Zvyahilskyy
Minister of the Cabinet of Ministers of Ukraine I. Dotsenko

Decree on Increase in Subsidies to Unemployed Citizens

944K0407B Kiev GOLOS UKRAINY in Russian
7 Dec 93 p 2

[Decree No. 976 "On the Low Income Line and Increase in the Scales of Special Monetary Allowances for Disabled Citizens with Minimum Incomes," 2 December 1993, Kiev]

The Cabinet of Ministers of Ukraine decrees:

1. Effective 1 December 1993, to establish the low income line in the amount of 197,000 karbovantsy per capita.

To use this amount as a basis for determining the right of disabled citizens with minimum incomes to receive special monetary allowances for subsistence and the amount of this allowance.

2. Effective 1 December 1993, to establish the amount of the special monetary subsistence allowance in the sum of up to 77,000 karbovantsy.

3. In connection with the establishment of additional monetary payments in conformity with Cabinet of Ministers of Ukraine Decree No. 975 of 2 December 1993 "On Additional Monetary Payments to the Population in Connection With the Increase in Retail Prices and Wages," the special monetary allowance for the payment of housing, municipal services, electric power, and the acquisition and supply of fuel stipulated in Cabinet of Ministers of Ukraine Decree No. 394 of 2 December 1993 "On the Special Monetary Allowance to Citizens With Minimum Incomes" is not granted.

4. The Ministry of Social Protection of the Population, the Ministry of Labor, and the Ministry of Finance in a 10-day period shall make changes to the Statute on the Procedure for the Designation and Payment of a Special Monetary Allowance to Citizens With Minimum Incomes that result from this decree.

5. The Ministry of Labor, the Ministry of Economy, the Ministry of Statistics, the Ministry of Social Protection of the Population, and the Ministry of Finance on a monthly basis shall analyze the dynamics of the consumer price index, and in the event that it is necessary

will submit proposals to the Cabinet of Ministers on a revision of the low income line and the special monetary allowance for disabled citizens with minimum incomes.

6. To declare no longer in effect Cabinet of Ministers of Ukraine Decree No. 675 of 30 August 1993 "On the Low Income Line and the Increase in the Amounts of the Special Monetary Allowance for Disabled Citizens With Minimum Incomes."

[Signed] Acting Prime Minister of Ukraine Ye. Zvyahilskyy
Minister of the Cabinet of Ministers of Ukraine I. Dotsenko

Decree on Measures in Connection With Increase in Minimum Wage Rate

944K0407C Kiev GOLOS UKRAINY in Russian
7 Dec 93 p 2

[Decree No. 974 "On Measures in Connection With the Increase in the Minimum Wage Rate," 2 December 1993, Kiev]

[Text] In connection with the establishment of a new minimum wage rate effective 1 December 1993, the Cabinet of Ministers decrees:

1. Effective 1 December 1993, to increase the wage rates and staff salaries of workers, servicemen, rank and file personnel, and command authorities stipulated by Cabinet of Ministers Decree No. 393 "On Increasing the Wages in State Enterprises, in Institutions, and in Organizations," 2 June 1993.

The indicated increase can be implemented:

in state enterprises, in institutions, and in organizations that are on a self-supporting basis, and also rental, based on state property, within the bounds of the consumer fund that is increased by comparison with 1990 by a factor of 1,500;

in enterprises and in organizations of activity that are fully or partially financed from the budget and in which the wage rates and staff salaries of the workers are established according to wage conditions in effect at self-supporting enterprises and organizations based on realistic capabilities, but not more than by a factor of 1,500 in comparison with those in effect in 1990.

2. To substitute the number "1,500" for the number "500" in the third, fourth, and sixth paragraphs of Item 4 of the statute on the regulation of consumer funds of enterprises, institutions, and organizations in 1993, which was approved by Cabinet of Ministers of Ukraine Decree No. 471 on 23 June 1993.

3. To establish that all types of state allowances, compensation, and grants are determined based on the minimum wage of 60,000 karbovantsy per month, increased by a factor of 1.8.

4. Enterprises, institutions, and organizations:

will set payment amounts calculated in accordance with legislation in effect with the average wage (benefit in the event of a temporary disability, severance pay, leave, etc.), taking into account the new wage rates and staff salaries in the procedure established by Cabinet of Ministers of Ukraine Decree No. 140 "On Additional Measures in Connection With the Increase in Wages" 21 March 1992 (Collection of Statutes of Ukraine, 1992, No. 3, p. 80);

conduct a recalculation of the amount of compensation for an injury a worker sustains as a consequence of damage to health in the execution of job duties, with a simultaneous increase in wage rates and salaries to the amount of their actual increase.

5. To establish an allowance from state social insurance for funerals in the amount of 600,000 karbovantsy.

In the event of the death of a pensioner, his family or the person conducting the funeral is paid an allowance for the funeral in the amount of two-months pension of the deceased, but not less than 600,000 karbovantsy.

6. To establish a monthly compensation payment in the amount of 20,000 karbovantsy to an unemployed able-bodied person who takes care of an invalid of the first group, or an old person who is 80 years of age.

7. The Ministry of Labor and the Ministry of Finance, in the event it is necessary, shall provide interpretations on the application of this decree.

8. To declare invalid:

Cabinet of Ministers of Ukraine Decree No. 672 "On Measures in Connection With the Increase in the Minimum Wage Rate" of 30 August 1993;

Cabinet of Ministers of Ukraine Decree No. 672 "On the Increase in Wage Rates and Staff Salaries of Workers and the Determination of the Basic Consumer Fund of Enterprises, Institutions, and Organizations, Effective 1 September 1993," of 30 August 1993.

9. This decree becomes effective 1 December 1993.

[Signed] Acting Prime Minister of Ukraine Ye. Zvyahilskyy
Minister of the Cabinet of Ministers of Ukraine I. Dotsenko

BELARUS

National Bank Chairman Defends Policies

944K0428A Minsk NARODNA HAZETA in Belarusian
3 Dec 93 p 2

[Article by Doctor of Economic Sciences Stanislaw Bahdankevich, chairman of the board of the Republic of Belarus National Bank, under the "Continuing the Debate" rubric: "A Wish Alone Is Not Enough...."]

[Text] Criticism of the National Bank by economic managers is easy to understand: Enterprises are choking because of a shortage of working capital, with inflation having long gone over all reasonable limits. It is of little concern to a plant director or a kolkhoz chairman that each new credit to his economic unit extended at the expense of increasing the money supply strengthens that same inflationary pressure. They are forced to be more concerned about survival today than about the coming day.

However, as I see it, when scientists with doctoral degrees take the floor, as the esteemed V. Kulazhanko did in NARODNA HAZETA on 17 November, they should not approach this issue so superficially, or should at least approach it with greater responsibility.

A professor in the area of economics should know that the exchange rates of all monetary units are established in keeping with their "prices" on the currency market. As a rule, a currency exchange acts as such a market. Changes in demand and supply of each specific currency on the exchange immediately influence its exchange rate cost, which is registered by central banks. This is an elementary norm of a market economy, even as imperfect a market economy as ours.

In turn, demand and supply of currencies on the market depend on a number of factors, each of which is quite significant in its own right.

In this instance, the status of the balance of payments of a state on the whole and in regard to the principal partner countries separately, understandably depending on the volume of economic relations with them, ranks first. For Belarus, Russia is now the key economic partner; it accounts for about four-fifths of the total volume of trade. Trade with Western countries is mainly dollar-denominated. That is why the establishment of realistic exchange rates of the Belarusian ruble against the Russian ruble and the dollar is of paramount importance to the economy of the republic.

It is common knowledge that at present we buy considerably more from Russia than we sell to it. Arrears in payments for energy resources, oil and gas, appear particularly catastrophic. The implementation of a state-to-state agreement in keeping with which a large proportion of our export to Russia goes toward the delivery of energy resources—a peculiar barter between states—results in only a part of the "live" money participating in

the general commodity trade; in this segment, the demand for Russian rubles exceeds their supply considerably. For example, at the 3 November trading session, when the exchange rate of the Russian ruble came to the mark of one to six Belarusian rubles, an almost 10-fold surplus of demand over supply was registered. A similar situation, although to a somewhat lesser degree, was noted at the subsequent trading sessions of the Interbank Currency Exchange. Perhaps Professor V. Kulazhanko will suggest where and from whom the money needed may be obtained in a civilized manner, through the use of market instruments?

At present, we are persistently suggesting to the government to give up state-to-state barter in order to ensure the availability of a greater money supply in real commodity trade with Russia and thus alleviate the lack of correspondence between the demand and supply of Russian and Belarusian rubles in the currency market, as well as to concentrate in the National Bank all foreign-exchange reserves, including the Russian ruble, in order to possess the necessary instruments to influence the exchange rate of the Belarusian ruble.

It is also important to understand that no matter how sizable the gold and currency reserves of central banks are, they are intended solely to neutralize the influence of transitory fluctuations in demand and supply of a particular currency. Artificially supporting the exchange rate at a high level with the help of reserves is only possible for a very limited period of time; it will not stabilize the exchange rate and will bring about the complete loss of its reserves by the state. We should add to this that the Interbank Currency Exchange is a sovereign joint-stock company in which the National Bank has only 9 percent of the votes.

However, the main point is that, as the postwar experience of the world and also the current experience of Ukraine suggests, the establishment of the exchange rate on the basis of comparing domestic prices in the states in question, that is, administratively, may only sweep the problem under the rug, increase the outflow of foreign-exchange capital from the country, and transplant [currency] exchange operations onto the street. In Ukraine, the volumes of [currency] sales and exports grew steadily between April and August of this year, when the exchange rate of the karbovanets was determined by the results of trading on the currency exchange. After the introduction of a fixed exchange rate of the karbovanets, the volume of currency sales on the exchange fell by a factor of 15, and foreign-exchange proceeds from exports—by a factor of three. In October of this year, the market exchange rate already was lower than the fixed rate by a factor of six. Effective 2 November of this year, exchange trading was suspended by an edict of the president.

Therefore, the stabilization of the exchange rate of the Belarusian ruble against the Russian ruble depends primarily on reducing the deficits of the balances of trade and payments, which now go into the hundreds of

millions of rubles, to the size of real external financing. The exchange rate of the Belarusian ruble is doomed to fall further in the absence of such a balance. In general terms, this calls for a substantial reduction in energy consumption, the implementation of a firm policy to reduce the energy and material effectiveness of production. The growing domestic prices for imports (taking into account the falling exchange rate of the Belarusian ruble) are becoming the instrument that ensures reduction in energy consumption. On the other hand, it is necessary to increase the export of products to the Russian Federation that the devaluation of the Belarusian ruble facilitates. Besides, for the period of transition Belarus badly needs credit support from the world community and the Russian Federation in order to cover the deficit of the balance of payments (and therefore stabilize the exchange rate of the Belarusian ruble). In the absence of external financing, the rate of decline in production may turn into a free fall.

The budget and monetary-credit policy within the republic is the second most important factor. In principle, a budget deficit amounting to 5 or 6 percent of the domestic national product appears to be a quite tolerable evil if this deficit is covered by attracting to the budget funds from the money market without increasing the total money supply. The trouble is that the deficit is being financed through the emission of credit, i.e., putting into circulation money to which no goods correspond. For as long as this practice continues, the Belarusian ruble is doomed to losing value in the form of both inflation and a decline in its exchange rate.

The monetary and credit policy that has been pursued this year ensures a reduction in the rate of growth of credit emission. In 1992, this rate exceeded 27 percent per month, whereas in the first half of 1993 it amounted to 17 percent, and in July through November it was less than 9 percent. For 1994, a still firmer policy is being considered. Calculations indicated that it is possible to ensure a rate of inflation below 10 percent per month and the stabilization of the exchange rate of the Belarusian ruble if the growth of net assets of the National Bank is restricted to no more than a factor of two.

Attaining these indicators is very complicated. First of all, a mechanism should be created to cover at least one-third of the budget deficit by issuing and selling government securities. Also, it is necessary to create a mechanism of financial self-support for each economic entity that operates normally. The availability of working capital is the foundation of all production. An economy that does not have its own monetary funds that are adequate to repeat each new production cycle, that is, to cover the permanent irreducible balances of raw and other materials, unfinished products, and finished output, will continuously experience great financial difficulties. An analysis indicates that in the environment of inflation, the financial standing of many enterprises, sovkhozes, and kolkhozes is distorted. In reality, a number of economic units that are technically considered profitable are potentially bankrupt if the loss of

internal working capital is taken into account. In such economic units, accounts payable, mainly short-term bank credit, cover between 50 and 100 percent of the minimum working assets.

This problem needs to be solved. It is impermissible to use short-term credit resources of banks, which boost inflation, to replace the working capital of economic entities. Short-term bank credit may and should be obtained only to accumulate temporary or seasonal reserves and expenditures. This norm should become law for our commercial banks that serve the economy.

Hence the conclusion: It is necessary to focus the attention of owners and managers of economic entities, and all organs of government and power on ways to ensure the preservation of proprietary working capital and its growth rather than on "shaking loose" credit at banks. Only through creating a mechanism for the self-financing of permanent irreducible reserves and costs at each enterprise is it possible to ameliorate finance and the economy, and to stabilize the Belarusian ruble.

Bank credit should be expensive, somewhat above the level of inflation. Term rates on bank deposits and holdings should be set no lower than the level of inflation.

There is no other way to ameliorate our economy and its financial and monetary-credit system.

The development of effective devices for overcoming the crisis can hardly be expected if we are afraid to acknowledge reality. Since July 1992, national currencies have been operating de facto in the noncash circulation of all states which previously belonged to the USSR. Since July 1993, following the introduction of new banknotes of the 1993 issue by the Central Bank of the Russian Federation, a fully sovereign national monetary system based on the noncash Belarusian ruble and the banknotes of the National Bank also emerged in Belarus. Now is the beginning of December; all types of payments in the territory of the republic are made solely in Belarusian rubles (settlement bills), but we are still debating whose currency we use: Russian or Belarusian. Arguments put forth by the opponents of acknowledging reality are simply not serious. Do assertions merit attention to the effect that it is necessary to postpone the recognition of Belarusian bills until a program is worked out that supports their stable operation, gold and currency reserves are formed, and the level of labor remunerations, retirement benefits, scholarships, prices, and so on is revised?

The genuine essence of the problem is found in the fact that the Belarusian ruble that really exists is a weak currency. Its depreciation has been caused by the economic crisis and the growth of the deficit in the balance of payments. Whether our parliament recognizes this ruble as parallel tender or not, the National Bank and the government should and will take a set of measures to increase the stability of precisely this functioning monetary unit. The recognition is necessary first of all in

order to grasp that our budget, subsidy, credit, foreign-exchange, and other policies should proceed from the fact that our own monetary system and our own currency exist, which need attention, merchandise equivalents, and protection.

The recognition of the Belarusian ruble as the national currency for the period of transition would lead, for example, People's Deputy Prakapovich to grasp the fact that financing housing construction by means of credit emission, i.e., by putting into circulation money to which no goods correspond, financing that may destroy our economy, is one of the main causes of inflation, the depreciation of the Belarusian ruble, and a hidden inflationary tax on the entire population of the republic. The housing problem should be solved by way of increasing the proportion of the accumulation fund in the national income at the expense of reducing the consumption fund, at the expense of a strict economy and savings regimen for each developer, and at the expense of real credit resources which would be the equivalent of the temporarily free accumulation fund—but not through credit emission.

An attempt by some analysts, including the already mentioned Professor V. Kulazhanko, to tie the fall of the exchange rate of the Belarusian ruble to prices and real wages in Belarus and Russia is likewise surprising. Incidentally, why not in Germany or Japan? As has already been said, the monetary systems of Belarus and Russia have actually been separated for a long time and have functioned independently.

The economic crisis whose peak we are approaching is manifested primarily in the monetary and credit system; the crisis of the monetary and credit system is merely the result but not the cause of the acute economic crisis. The incorrect interpretation of cause and effect brings about an exaggeration of the role of monetary policy, banking, and credit in ameliorating the sick economy. During a period of transition from a monopolized, administrative economy which is based on state property and a large number of operating enterprises, no scientifically substantiated monetary policy is capable of effecting reconstruction in the national economy, of making structural changes, boosting production, ensuring privatization, the development of private business, and competition, and augmenting the merchandise equivalent of the monetary unit through the means of production, property, land, and securities. In the environment of belated reforms, an excessively strict monetary policy may only facilitate a precipitous fall in production and a drop in the standard of living of the populace, and bring about a social explosion.

At the same time, it is an axiom that it is not possible to ameliorate the economy on a market basis without resolving acute issues in the financial, budgetary, and monetary-credit systems and without first of all reducing the level of inflation to 5-8 percent a month.

Government Economic Missteps Described

944K0458A Moscow *DELOVOY MIR* in Russian
9 Dec 93 p 4

[Article by DELOVOY MIR staff correspondent Vladimir Sverkunov, under the "The Near Abroad" rubric: "Belarus: Without Money, Without Heat, Without Authority...."]

[Text] Empty store shelves; hours-long lines; prices rising almost weekly; money in freefall in relation to convertible currency and the Russian ruble—all of this has befallen the once well-to-do Belarus, which at one time had nearly the most favorable starting conditions to begin economic reforms.

The famous proverb "One waits for three years for the promise to be fulfilled" was not to come true: The country has not approached the market promised in 1990. The road of "evolution" proclaimed by the government in reality turned into running in place, contradictory in spirit, albeit "market-oriented" in letter; and laws adopted by the parliament—into another formality, which on top of that cannot compete with the numerous decrees, directives, and other administrative acts issued in great numbers by the Council of Ministers and its agencies.

Whichever sphere of the national economy we look at, it turns out that the leg has been raised for a decisive step, but never put down. Both the state sector and agriculture, as well as the monetary system and entrepreneurship, currently remain in this posture of balancing on one leg.

The problem that is most painful for Belarus is the supply of fuels and power. It would seem that a republic that does not have sufficient oil resources of its own should welcome its deliveries through any channels, especially considering that a market economy does not accept a monopoly in this sphere either. In reality, the government, instead of encouraging entrepreneurs, who could ensure that the republic has a plentiful supply of fuel and raw material for the chemical industry, has done everything to keep oil from getting into Belarus: Businessmen have been saddled with an enormous number of restrictions, the demand to sell raw materials to the state at laughable prices set by the latter, and killer taxes. All efforts have been applied at the same time to barter on a national scale: In accordance with the agreement on interrelated deliveries between Belarus and Russia, called "clearing" in government circles, enterprises were forced in a compulsory manner to surrender to the state fund a considerable part of their well-selling output—quite often at dumping prices. For instance, the state "buys" MAZ-5551 dump trucks from the BelavtoMAZ association at 11 million Belarusian rubles [R], while its production cost is R18 million. Deals of the same "profitability" are done with respect to refrigerators, television sets, tractors, footwear, and clothing. All of this for the sake of preserving a state monopoly on fuel

and power: As long as it exists, these resources may be sold cheaply to those who will support the government's course.

That the clearing has not helped to maintain the supply of oil, and, on the contrary, has exacerbated the situation, is evidenced by the latest events. In October, under the pressure of the catastrophic situation with respect to fuel, the Council of Ministers made a concession to companies not owned by the state. It finally gave them the permission to trade in oil and petroleum products. And what happened? Fuel flowed like a river both from Russia and even from the Baltics at real prices—several times higher than those set by state officials. Private companies sell it straight from gasoline trucks, lease pumps at gas stations, and are agreeable to any terms of payment—and even in any currency. As to the fuel obtained through “clearing,” it never materialized. Instead, Belarus' debt to Russia has reached almost \$500 million. This order of things is envisaged to be maintained for the next year: A draft plan is ready, which envisages bringing state orders for leading enterprises to the level of almost 50 percent of their output.

Monopolistic methods also are used in the administration of agriculture. What kind of a market can we talk about when the state buys up everything produced in the agrarian sector at prices it sets itself and which not only do not keep up with inflation but often do not even cover expenses. Then later subsidies are issued (just enough so that the countryside should not die), which approach in size a quarter of the state budget, and preferential loans which consume up to 75 percent of the total amount of credit issued in the national economy. In these conditions the agricultural sector will never begin to trade and, having surrendered for peanuts the fruits of its labor, will remain forever a supplicant at the door of the “kind” state.

Entrepreneurs have to be smarter than this, among other reasons also because should they ever decide to ask for something from the state, which does everything to prevent the creation of a true free market, they will get in return an even greater worsening of economic conditions for their activities. In what other country does the tax on commercial activities reach 60 percent of income? And if the remaining 40 percent are intended to be paid out as salaries, there is tax trap waiting there as well: about 80 percent of various duties. As a result, out of every R100, private companies may realistically earn only R20.

Neither have the producers been shown any mercy. At a time when other republics of the former USSR have reduced the value-added tax rate, Belarus in real terms raised it this year by setting it at 25 percent and simultaneously introducing a 3-percent—but applied to the entire amount of earnings—compulsory contribution to a mythical “fund for retail price regulation.” Judging by the results of such “regulation,” however, it is not enterprises that should pay the government, but the government that should pay a penalty to them for the collapse of prices. The tax on profit is also higher than

anywhere else and reaches 30 percent. There also is another ineptly masked tax on profit—a payment for exceeding the nominal level of earnings, which is calculated at the same rate of 30 percent. More than 300 enterprises have been classified as monopolies (and really, why would a small republic have, for instance, several tractor or automotive plants?) for one single purpose: to regulate their profitability and prices by directive methods, to not let them operate in the market independently.

Thus has developed a purely Belarusian understanding of a market economy. Neither did it bypass the monetary and credit system. Funny clip-out pictures from a zoology textbook, which even the government officials now, following in the people's footsteps, call “rabbits,” still represent who knows what. The Belarusian population, with the encouragement of the government, waits patiently for the “rabbits” to be exchanged for real money, which currently means Russian rubles.

It was in this crisis situation that the Supreme Soviet session opened in Minsk and the deputies demanded a change in the previously set schedule, insisting on dealing first with economic issues.

The heads of the parliament, the government, and the National Banks presented their reports. This, however, did not produce any clarity as to what to do next. In response to “let us have privatization” (over the past three years all of 2.68 percent of state property has been privatized), the prime minister rushed to assure everyone that by the end of next year 50 percent of enterprises will be transferred into private ownership. So what? The question is whether life-sustaining conditions will be created for these privately owned economic components, what is the prognosis for their future development, and whether they will be pushed around the same way that they were when they were still owned by the state. This, unfortunately, one can only guess.

Neither did it become any more clear with respect to the legality of circulation of “rabbits.” Although the chairman of the board of the National Bank laid out good argumentation for the need to recognize Belarusian banknotes as national currency (without such a decision it is not possible to control to a full extent the monetary and credit emission, to establish a “real” exchange rate of the “rabbit” to foreign currencies, and to conduct full-fledged trade with other republics), the people's representatives postponed dealing with this problem until better (worse?) times.

One has to admit that power structures have turned out to be infected with the well-known Soviet-communist disease—dependency. “Now the landlord will come....” Until recently, Western Europe was seen as such a “landlord” and was firmly expected to provide aid. These illusions have evaporated; even small credits are obtained with great difficulties, and even that on the promise of reforms of the kind the Belarusian government has not seen in its worst nightmares. Now Council

of Ministers representatives say openly at the parliament session that the government does not intend to dance to a foreign tune, no matter who plays it!

Where does such bravery come from? From a change of "landlord," that is where. One can even see it in the figures: The amount Belarus owes to Russia (about \$500 million) already equals the amount of credit provided by other foreign countries. Meanwhile, winter is upon us; fuel will be needed, and the debt may well reach \$1 billion. That is why Belarus does not recognize its own money as money. That is why the government, which has done nothing lately other than tighten "tax" screws, all of a sudden easily agrees to Russia's demand to substantially reduce three taxes simultaneously. And the parliament members, most of whom already have given this government a "no pass" mark, still do not raise the question of its resignation.

The Belarusian parliament has ratified three agreements: on the creation of the Economic Union; on the creation of new type of a ruble zone; and on combining the Russian and Belarusian monetary systems, in the hope that their implementation will help the republic to get out of the crisis.

Whatever may be, a necessary condition for unification with Russia is the existence in Belarus of a real, functioning authority that answers for its promises. So far, it is not there.

Call for Political Moderation, Compromise

944K0514A Minsk ZNAMYA YUNOSTI in Russian
15 Dec 93 p 1

[Article by Yuriy Voronezhstsev: "We Will Just Have To Choose Between Something Not Very Good and Something Very Bad: A Point of View"]

[Text] Perhaps 100 percent of our republic's citizens expect changes and are waiting for them to occur. A somewhat lesser number are convinced that these changes are impossible without replacing the parliament and the government. Each person views them in his own particular way; frequently various groups of people present completely opposite and mutually contradictory positions. But almost all of us hope for something better, especially in the event that those whom we like nowadays should come to power.

To be sure, our hopes for quick changes are hardly justified in any case. The process of the disintegration of the economy and the fundamental social structures has been going on for so long that "neither a genius nor a hero" will be able to rescue us from the present nightmare as rapidly as we would like. It will continue for another two or three years, even if a beginning is made on those reforms are carried out by persons who know how to implement them and who have support in the society. And are there any such persons here in our country?

Even if we were to assume what is virtually impossible—namely, that the elections to the Belarusian Parliament were held by the deadline promised by the present-day deputies of the Supreme Soviet—the picture that emerges is not completely rosy. Many serious analysts have pointed to the substantial probability of acquiring a parliament that is not much different from the Supreme Soviet which we have today with regard to its intellectual development, degree of competence, as well as the capacity for moving the reforms forward and providing stability within the society. Indeed, we have been pushed in the direction of this joyless conclusion by the surprising statements made by the leaders of the most influential political groups and factions now in the running for a significant number of seats in the new legislative organ.

They see as the principal causes of all our troubles the intrigues and machinations of the Russian special services, which "are exercising a free hand in Belarus," as well as the actions of the imperial-communist "Fifth Column," and the advocates of economic integration with that country which is traveling "down the path of a brutal liberal capitalism." The only thing to do is to break off from these foreign and domestic enemies, nationalize those enterprises which have been distributed and held hostage, separate ourselves from the Russian boors, and buy oil in Kuwait. Then—as a completely sovereign and independent republic—we would soon enter upon a kind of Baltic or Polish "prosperity." To be sure, before a sharper economic upswing could come to pass, it would be absolutely necessary to teach the Belarusian language to all our ministers, along with two or three other foreign languages.

Other leaders—during the time free from struggling against propaganda of the "cult of violence, the dollar, and sex"—are actively advocating a reanimation of socialism, which is presently at death's door, or what they have been saying for a long time: achieving an orientation of the state structures aimed at creating well-planned and regulated state-type commodity-and-monetary relations in the interests of enhancing the people's prosperity and cultural level. Loud calls are being heard for decisive actions to be taken for protecting and defending the "indigenous interests of the working people," the Soviets, for restoring the old USSR—of course, with the Communist Party at its head. The economic reforms leading to "capitalization" are to be excluded, and the growth of the people's prosperity would, evidently, be provided by purely ideological methods—although substantial revenues from tourist activity would be possible. Belarus—the last communist preserve on the territory of Europe—would be visited by people from all over the world in order to have a look at a unique country where entirely white people live under the "most democratic, collegial, and effective" Soviet-type regime.

There is also a "third force" in our republic—one which could neutralize the extreme political tendencies. But its ideas are not so popular or simple so as to enable

them—as the Bolsheviks used to say—to win over the masses. And it is difficult to present this idea of liberalism with a populist interpretation, especially under the conditions of the Soviet-type, leveling education accorded to the overwhelming majority of the members of our society. Furthermore, the mass media have already become divided over the two most powerful political factions and their variants—sometimes concealed behind the masks of “centrism.” A strong side of those parties which can be provisionally relegated to the “true center” is their realistic approach to the problem of assigning priority to human rights over national and state rights. This is so because the majority of our republic's population regard implementation of the “human rights” principle as the “chief value” guaranteeing personal security and the stability of the society as a whole.

It is hardly likely that a majority in parliament will be gained by one of the parties or blocs which are striving toward this goal with participants who are very close in their ideologies and programs. The polarity of views on the basic problems of structuring the society and the state held by the future party factions in the parliament will—more than likely—cause the latter to be utterly inoperable. It will be difficult to get by without making compromises, and it is necessary to seek them out even today. It is clear that agreement between the advocates of the sacredness of private property and those fighters for the most just “social justice” is scarcely possible. But it is possible in another case. For example, in the program documents of that very same BNF [Belarusian People's Front], together with some completely normal and realistic provisions, there are also many on which agreement would be difficult to reach not only with the communist-internationalists, but also with persons unburdened by Marxist pathologies. But it would probably not be too difficult to find a compromise with the more moderate political forces on these same “revival” problems, if they were approached from a position of taking into account the interests of the majority now living in Belarus, rather than resurrecting historical justice or equity with regard to past generations. Because, after all, it is fully obvious that excessive radicalism—while understandable and justified under the conditions of an armed struggle against the colonialists for the nation's independence—is completely unacceptable at the stage of a society's quite civilized development, and even at a critical moment of this stage. It frightens quite a large number of persons, pushing them into joining “pink” or “red” parties—parties which have begun to trade upon the artificially inflated, so-called nationality issue. It is possible that mutual concessions can also be achieved along with an accommodation of views on other problems.

Without finding such common grounds—something on which political groups with various different program goals and ideologies could unite—the parliament would, of course, not get by. But this does not mean that replacing the Supreme Soviet with a parliament must be postponed “until later.” Today we are compelled to

choose between something not very good and something very bad. But tomorrow we could be left without even that kind of choice.

Development of Various Parties, Movements Reviewed

*944K0481A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 18 Nov 93 pp 2-3*

[Article by the department of politics under the rubric “Press Digest. ‘Election-94’”: “Parties Are Beginning To Define Themselves”]

[Text] Last week the first election bloc, the Alliance of the KhDNF [Christian-Democratic People's Front], took clear-cut shape. On 9 November it was registered by the central election commission. Leaders of the Alliance made programmatic statements in the weekly TARA. Iurie Rosca, chairman of the Executive Committee of the KhDNF Council: “The power satellite parties are competing with still greater diligence in grovelling before the three pillars of the Chisinau administration—Snegur, Lucinschi, and Sangheli—hoping to retain their cushy positions in the future.... Unlike the rest of the political parties and entities, which represent mere groupings of transient interests and have emerged solely with the intention of getting into the future parliament at any price, the KhDNF does not consider the forthcoming elections to be an objective unto itself, or, even less, the final point of its activities. To be sure, we would certainly like to convince as many voters as possible of the need to support our platform. For us the struggle did not begin today, nor will it be completed on 27 February 1994. To us, freedom is not a preelection slogan but a current demand: freedom for the political prisoners of Tiraspol; national freedom; freedom to assert human rights and to endow peasants, whom the communist regime has reduced to poverty, with land and farm equipment; freedom to engage in economic activities unhampered by artificial barriers thrown up by the old Bolshevik guard which has usurped all power in the state; conditions for providing normal wages for the population and retirement benefits that would ensure a comfortable existence for old people.”

Sergiu Mocanu, another leader of the Alliance and chairman of the Presidium of the Council of the Volunteers Movement, analyzes those who fight against the statehood of Moldova.

“Recently, the idea has been propagated increasingly often that sociopolitical entities that belong to the national-liberation movement are fighting against the Republic of Moldova's statehood. The absurdity of this assertion, which is being persistently propagated by the president of the state and the power satellite parties, is obvious from the very beginning.

“We, participants in the combat for the integrity and independence of the Republic of Moldova, members of the Volunteers Movement, were not and cannot be against the state we have defended and for whose sake we paid a price in blood and the lives of our brethren who

fell on the battlefield. We owe it to the blessed memory of their names to continue our struggle for the People and the Motherland. We are joining the election struggle because we are firmly convinced that only in this manner will we be able to rid ourselves and others of the need to fight for independence with weapons. In our actions we proceed from the principle that 'the state constitutes the foundation for the exercise of the right of all peoples to decide their own destinies.' In other words, it is a means to an end, and not an end unto itself. We, those who come out for the unity of the People and the Motherland, are not the ones fighting against the state, but rather it is those who have turned the state into an instrument for exploiting our dignity for personal and clan interests."

Valeriu Babara, the third activist in the preelection bloc, general secretary of the executive bureau of the OKhDM [Organization of Christian-Democratic Youth], is a figure who is little known in politics. He outlined the tasks of the OKhDM in the newspaper TARA:

"Young people, who are referred to in official speeches with nauseating frequency but have almost always been ignored and abandoned, are the social group which has retained its purity and unity of ranks. In essence, they are the hope of the nation. Young people have earned indisputable credit in the national-liberation movement, in the defense of its accomplishments, in the anticommunist struggle. After the more than five years since the beginning of the national-liberation struggle, young people are coming to the conclusion that a serious threat to their future is looming, along with the future of the entire nation. Young people regard with anxiety the phenomena of a split within our society, and note the inability of our current leaders to find and use the only correct scenario for the quickest possible solution to the most serious problems we are facing.

"The structure I represent wants to bring youth into the political life of the Republic of Moldova, which is frequently smothered by egoistic caprices and interests. Only young people are free from the spiritual fetters of the obsolete communist system. Members of the nomenklatura who cling to power for dear life and claim to have some kind of 'political experience' forget to specify that the experience they gained in the years of the old regime is unsuitable for the new reality. All of us experienced this 'Red experiment' firsthand for more than 50 years."

The time has come when Bolsheviks will be forced to step aside. It is not ruled out that by Bolsheviks, Valeriu Barbara means parties of a centrist and left-wing orientation which are also striving to win the elections. The weekly REPUBLICA has published a report on a press conference given by the leaders of the Social Democrats. Oazu Nantoi, Victor Josu, and Sergiu Bernevec answered questions put by journalists. Victor Josu:

"We have decided not to make any projections on the results of the forthcoming elections. Naturally, for this reason we will not venture to assert with certainty, a priori, that we will receive more than one-half of the

votes. The issue is being raised in a different manner—the Social-Democratic Party has set for itself the task of gaining no less than 50 percent of the votes of the electorate, plus one, in the elections. According to our observations, the political apathy which has prevailed in recent years has begun to abate sharply. The people are becoming interested in the party, in its program, and in its proposals. People from literally all rayons of Moldova come every day to our headquarters at 11 Cogelnicianu Street, invite us to meetings, enroll in our party, and offer us their assistance."

Oazu Nantoi:

"We are the first political party of a parliamentary type in Moldova. As early as three and a half years ago we perceived that our society needed a genuine multiparty system. We remain the only party which has its own doctrine—the doctrine of contemporary European Social Democrats.

"From the very beginning, even under pressure, our party has advocated the idea of statehood for the Republic of Moldova. As early as 1990 we maintained that Moldova is a citizens' state. We proposed the idea of popular privatization for certificates, whereas the government proposed privatization for money. In our opinion, this would have brought about the dangerous social stratification of our society into very rich and very poor. Undoubtedly, the voters have come to know us during these three years.

"We maintain that we have a rich land and a hard-working people. However, given the high density of the population and the European market, which is closed to competitors, Moldova will only survive if it complements efficient agriculture with equally efficient industry. As a mere agrarian republic we can only be an appendage of some other country. It is known that highly efficient agriculture employs a few percent of the population. We have a terrible imbalance here. Thoughtless implementation of high technology in rural areas creates the risk of making hundreds of thousands of people unemployed.

"We are facing two problems—to switch to a market mode what remains of socialist industry, and to create a genuine national economy. No major research of any consequence has yet been carried out in this area. If we have no high technology or electronic industry, our state will have no future. Unfortunately, things are bad now; enterprises are closing down. Despite all the hopes of the socialists, our working class is silently dying."

Experts of the ADPM [Agrarian-Democratic Party of Moldova] are also paying serious attention to economic issues. On the pages of the newspaper ZEMLYA I LYUDI, Aleksandr Muravskiy writes:

"As it evaluates the progress of reform in the agrarian sector, the ADPM supports the fundamental line of transformations aimed at developing a multisectoral agriculture.

"The ADPM believes that agrarian reform does not come down merely to the universal redistribution of land and the establishment of exclusively owner-operated farms, and that an economic system which combines in a rational manner small, medium-size, and large farms with various specialties and of various types and forms of ownership should be the main result of reforms. Transformations that will result in unprepared people being left alone to tackle their problems should not be implemented, like, for example, what has already happened to the Vatie sovkhos in Orkheyskiy Rayon. The transformation of kolkhozes and sovkhos should be accompanied by the appropriate development of a market infrastructure, including a system of credit associations, land banks, and cooperative and joint-stock enterprises which provide material and technical support to farmers and sell their products. We must not lose sight of the fact that accelerated privatization will bring about the release of a large number of employees from the sphere of agriculture, as, for example, happened in the former GDR, where in two years of reforms the number of agricultural employees has fallen by a factor of more than three. However, there it has been accompanied by tremendous financial infusions from West Germany in order to create new jobs.

"Aware of the fact that radical reforms that affect the fundamental basis of a society (ownership arrangements, social, moral, and ideological priorities, the place and role of a country in the international division of labor, and so on) are unavoidably accompanied by painful phenomena, the ADPM considers it necessary to make a number of proposals aimed at invigorating social policy. Measures aimed at stabilizing and subsequently increasing the level of employment of the population are the foremost in this package of proposals, because it is virtually impossible to ensure economic and social stability in the republic in an environment of growing unemployment. To this end it is necessary:

"—to invigorate, as much as possible, the activities of all state structures aimed at the development of small and medium-size businesses;

"—to provide incentives, by way of tax relief and credit preferences, to industrial enterprises establishing their branches, subsidiaries, and other structural subdivisions in rural areas;

"—to develop a streamlined system for using citizens who are temporarily out of work for public works to upgrade roads and localities and build facilities of social infrastructure;

"—to develop and adopt a special program for the export of labor;

"—to put in order the system for cadre retraining, taking into account structural changes underway in the economy of the republic."

The leadership of the Socialist Party takes an ostentatiously antiunionist position in its press organ, DREPTATE: "The idea of a national renaissance of the Moldovan and other

peoples residing on the territory of the republic has been stolen, distorted, and financed [as published] by the destructive forces of unionist frontism, as have been the most radiant hopes for building a sovereign, independent, and democratic Moldovan state. Our noble thoughts and expectations were defiled by the maniacal ambitions of patriot-radicals (actually, the new-fangled national-communists of Ceausescu's ilk) who fancied themselves martyrs and heroes of the indigenous nation, the infallible messiahs of its deliverance. They, the ones afflicted with the virus of national superiority and pathological xenophobia, have destroyed numerous economic links between Moldova and other republics of the former Soviet Union, thus ushering in chaos in the economy, pushing it toward catastrophe, and opening up boundless opportunities for speculation, corruption, thievery, utilitarian attitudes, and the mafia to bloom.

"At present, these 'chosen representatives' of the nation are trying again (yet again!) to undergo an ideological metamorphosis by creating all kinds of congresses and Christian-Labor-Democratic parties, forswearing odious frontism verbally but actually carrying on secret intrigues aimed at selling out the Moldovan people and their sovereign republic.

"Let us be vigilant! Let us guard ourselves—this time, in a manly and secure manner—against the demagogic froth of slogans steeped, just as before, in anticommunism, pseudodemocracy, nationalism, and inhumanity. They should not pass now! Let us not be misled by their moaning about, you see, 'dark pro-imperial forces' which have gotten out of the trenches and allegedly pinned on them—who have 'given back' to us the language, the alphabet, the tricolored flag, and the 'Romanian, awaken!' anthem—the blame for inconceivable poverty, spiritual decay, and the incredible suffering of the people. They say that the 'fifth red-and-brownshirt column,' a figment of their sick imagination, is to blame.

"The people have been silent too long! However, they have not slept a lethargic sleep. They have mustered their will and pondered their decisive word. We will hear this word—wise, unprejudiced, every kind [as published] of word—during the forthcoming early elections to the parliament and local organs of power."

A commentary is probably unnecessary. The reader will himself find the party and slogans that are to his liking.

MOLDOVA

Defense Minister's Report on Forces Restructuring Outlined

944K0474A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 13 Nov 93 p 3

[Aleksandr Khavronin report: "Concepts and Prospects"]

[Text] The main attention at the first conference of ranking personnel of the Ministry of Defense on 1 November was paid to the concept of army organizational

development. An extensive report was delivered by Defense Minister Pavel Creanga.

In his opinion, the chief merit of the concept devised in the fall of last year is that it systematized all measures for the accelerated creation of the armed forces. This document deals only with military matters proper. The remaining factors—preparation of the economy, creation of state reserves, strengthening of morale—will be the subject of other prescriptive enactments. Pavel Creanga believes that practice, operational-technical measures, and the experience of work among the troops confirm the topicality of the concept. The minister criticized the proposals which Nicolae Petrica, former chief of the main staff of the armed forces of the republic, sent to President Mircea Snegur. Why? Petrica believes that a decisive role under today's conditions should be assigned not so much the regular forces as large-scale trained reserves (140,000), that is, a kind of "working army." It was proposed to this end that the republic leadership create under the auspices of the Ministry of Defense a network of centers for the military training of the youth. And that the permanent staff of the armed forces consist of 6,500 men.

The defense minister explains why this is unacceptable: A threat to the republic's military security may be seen not in acts of aggression and wars of the nuclear powers and military blocs but in possible local conflicts, in which the Republic of Moldova would be forced to defend its independence and territorial integrity. Whence the conclusion that the armed forces should be such as to be able to quickly localize the center of tension, ensure defense of the borders, and cut short possible provocations and encroachments on independence. Consequently, the minister concludes, the troops should be professional and ready to fight, and the manning level of the reserve should not perform the predominant role.

Setting forth the concept of army organizational development, the defense minister highlighted the main tasks of the regular troops: to efficiently and rapidly confront any possible threat without additional mobilization measures. If necessary, to be capable of additional manning to the level of wartime; to ensure a high level of the training of the command and control bodies and the personnel; and also of a militarily trained reserve capable of performing operational assignments. The Ministry of Defense is oriented toward the European average ratio of the strength of the personnel and the population—0.6-0.8 percent (0.23 percent with us). The concept defines the main function of the armed forces as performance of the assignments of deterrence against military provocations and aggression. The draft concept, the speaker observed, should be modified in connection with the creation of the Civil Defense and Emergencies Department.

Defense Minister Pavel Creanga termed "absurd and harmful" General N. Petrica's proposals concerning the incorporation in Ministry of Defense formations of the

carabinieri forces, whose assignments are totally different. Legislation prohibits the enlistment of carabinieri forces for assignments that are not within their province.

Pavel Creanga believes to be completely wrong Nicolae Petrica's opinion concerning alternative service because it has not been justified "from either the economic or moral viewpoints." The Ministry of Defense has devised proposals for the government which will help avoid wrongdoing in questions of the organization and performance of alternative service.

The concept embodies a new principle altogether. The numerical composition of the army and its structure cannot be constant from year to year, they must correspond to the military-political conditions in the region. Specialists have calculated that the optimum strength of the regular army is 10,000.

Judging by the report, the intentions of the leadership of the Ministry of Defense are serious. But the practical implementation of the plans is being impeded by the absence of a proper legislative base. Let us hope that the new parliament will settle the arrears of its predecessor.

Liberal Convention Issues Declaration of Goals

944K0476A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 20 Nov 93 p 2

[Declaration of program goals of the Liberal Convention of Moldova (abridged version)]

[Text] The election campaign, which is unfolding in the republic on a fundamentally new, multiparty basis, is stimulating political processes in society and the emergence of new political organizations and citizens associations.

The constituent conference of the Liberal Convention of Moldova, a social and political organization uniting in its ranks representatives of the intelligentsia, youth, business circles, and the industrial complex, was held on 11 November. The conference adopted the bylaws and formulated the program goals of this new movement. The Liberal Convention advocates the consolidation of all reform forces of society and the creation of real conditions for the extrication of Moldova from the socioeconomic crisis and the surmounting of the contradictions of the transitional period leading to a free economy and an open, democratic society. Not participating in the elections directly, the Convention will support political parties operating from liberal and progressive positions. Below we reproduce the text of the Declaration of the Liberal Convention of Moldova.

The collapse of the totalitarian system in Europe and the disintegration of the last empire have created conditions conducive to the people of Moldova's return to a civilized and democratic path of development.

We, the citizens of this country, are now faced with a vitally important task, the essence of which is the formulation and practical implementation of an **efficient and viable model** for the further evolution of society.

The experience of the dramatic existence under the conditions of self-assertion as a sovereign and independent state accumulated by the Republic of Moldova permits the conclusion that **society's aspiration to self-organization** has two paths—that of **evolution** based on the dynamism of social and political processes or the path of degradation, that is, conversion into a primitive system of the administrative-distributive type, in other words, totalitarian.

Parties formed in the majority of cases per the industrial principle or in corporate interests are predominant in the country's political life. The absence of a real confrontation of ideas and the confusion in ideologies are entailing confusion also in political actions and the conceptual approaches to a surmounting of the crisis and internal contradictions of the transitional period.

One more or less clear direction—the so-called “social market economy,” which frequently directly echoes the trend toward a return to the administrative-command system—is being manifested in Moldova's sociopolitical reality. The main shortcoming of this direction is the attempt to preserve the absolute role of the state and the public sector in people's economic and social activity, enabling the oligarchy nomenklatura, incompetent and bankrupt under the new complex conditions, as a rule, to retain power.

The elaboration and creation in Moldova of a socioeconomic and political system capable of stimulating the **efficiency and dynamism** of the country's new evolutionary development may be realized on the basis of the creative application of the basic principles that ensure the efficiency and dynamic balance of democratic, industrially developed countries.

In this context, the ideas of liberalism could bring our society, deformed for so many years by the totalitarian regime, closer to the political, economic, and social culture of civilized countries. Being a copy of modern Western civilization, **liberalism** represents the core and essence of liberal democratic reforms.

On the threshold of the election of a new supreme legislative body of the country, a need for the consolidation of all forces advocating **liberal democratic reforms** in the united **Liberal Convention of Moldova** has arisen at the present time. The purpose of the **Convention** is effective support for political forces capable of embodying in practice real **liberal doctrine** and stimulating social development, creatively and consciously employing to this end the principles of liberalism as a philosophy of social being, spiritual condition, and sociopolitical practice.

The Liberal Convention of Moldova will operate in the name of realization of the following goals:

In the Political Sphere:

The consolidation of the **state independence, sovereignty, and territorial integrity** of the Republic of Moldova—the objective conditions and constitutional framework necessary for securing the economic progress of the Moldovan people and the liberalization of political life and the economic activity of the country's citizens.

The creation and assurance of the normal activity of the **civil society** as a means of protection of the **freedom of the individual** by way of his being guaranteed basic rights and the introduction at all levels of state power of the principle of **political representation**. The subordination of political power to the civil society, which through the medium of its institutions makes it possible to avoid the negative manifestations of the totalitarian pretensions of the state.

The building of a **truly law-based state**—the defender of the basic rights and liberties of the citizen. The conversion of the interventionist state left over from the times of the totalitarian regime to a managerial authority and state administration.

The real **separation** of the branches of **power** to prevent any malfeasance and slide of power toward dictatorship and political voluntarism.

The adoption of a **national constitution**—the statute of power and the main voluntary agreement between the individual and the state. The refinement of current legislation for the creation of the legal conditions for the realization in day-to-day practice of the fundamental values of liberalism.

Support for the process of the Moldovans' **national revival** and the creation of the necessary conditions for preservation of the distinctiveness of the **ethno-national** minorities that reside in Moldova.

A solution of the **Dniester conflict** on the basis of preservation of the territorial integrity of the Republic of Moldova and a sober evaluation of current political realities, proceeding from the fundamental principles of international law and the European process.

The **decentralization of state power**, the delegation of managerial functions to the local authorities, their release from the tutelage of the central authorities, and the implementation to this end of administrative-territorial reform.

Assurance of control on the part of the **civil society of the power and special** structures of the state and a guarantee of the noninterference of the latter and also of the **law enforcement authorities** in political processes.

The **integration** of Moldova in the **European Community** on the basis of observance of the basic principles of freedom of the individual, human rights, the right of ownership, and the transition to a modern market economy. The preservation and continued development

of mutually profitable relations with the new independent states within the framework of the CIS.

The creation of a climate of extensive cooperation among all political formations and nonparty associations of Moldova of a liberal persuasion and the creation of a liberal forum of Moldova.

In the Economic Sphere:

The transition from a centralized economy to a market-type economy by way of the release and stimulation of private initiative in all spheres of people's activity and thanks to a rapid increase in the volume of the private sector in the economy.

The utmost support, primarily through the instrumentality of the state, for the creation of a **liberal fund** of the national economy. Support via the activity and resources of the fund for the private sector of the national economy.

Stimulation and support for **private property**, which will become the basis of a middle class and, simultaneously, the basis of the formation of real market relations and a democratic system based on the existence and activity of new subjects of economic relations and the defense of their interests by structures of representative power.

Support for the realization of economic liberalism via the creation of institutions and mechanisms of the market economy. The restructuring to this end of the financial and banking system, the creation of stock exchanges, a refinement of the fiscal system and tax policy, stabilization of the currency system, and realization of the convertibility of the national currency.

A rapid reduction in the economic role of the state, **denationalization of state assets and demonopolization** of the national economy by means of large-scale support for the new economic agents of the private sector and the creation of conditions conducive to the manifestation and development of competition.

Exercise by the **state based on the rule of law** of its principal functions—the creation of the **legal and organizational framework** of the action of the market economy, protection of private property and competition and the assurance of economic balance.

The assimilation of new markets for the sale of products outside of the country and also new sources of energy and raw material. Preservation of the traditional economic ties to the **eastern markets** and their mutually profitable use.

An increase in the **efficiency of agriculture** and productivity in this sector of the economy. Assurance of title to the land

and the creation to this end of the economic conditions for realization of this right—the organization of a specialized banking system (credit agricultural banks), agricultural exchanges, and trading houses, which would support producers and investors. Assurance of the operation of various forms of ownership in the agrarian sector under the conditions of free competition and equal rights enshrined by law.

Encouragement of the development of **Moldova's industry** by means of an improvement of investment and credit policy in this sphere, support for new forms of ownership (stock companies, private enterprises, joint ventures with the participation of foreign capital, and so forth), the conquest of new markets for the sale of industrial products, and assurance of the permanent provision of industrial enterprises with raw material and energy resources.

A radical reduction in state regulation and participation in the sphere of **trade and services**, support for private initiative for the due saturation of the market with goods and services and the assured access of small-scale and medium-sized entrepreneurs to resources without any administrative restrictions. Protection of foreign capital and investments by the law and government guarantees.

In the Social Sphere:

The combination in day-to-day practice of the **principles of political and economic liberalism** for the creation of a social environment in which the majority of people live **freely**, which is guaranteed by private property and control of the political authorities via the civil society.

The introduction in all spheres of activity of society of the principle of **equality**—equality before the law, equality of opportunities, and equality today and tomorrow.

The provision and improvement of a network of **medical and social services and social insurance** and support for private initiative aimed at providing for the needs of the entire population.

The reorganization and modernization of **education** and the stimulation primarily of its **competence and quality**.

The development of culture and access for all citizens to the cultural sphere and to forms of its manifestation. Support for the development of culture by material guarantees.

Support for the activity of **free trade unions** and constructive cooperation with them.

Assurance of the appropriate ecological conditions for people's normal life, primarily by way of preservation of the habitat and the environment.

Platform of Liberal Convention Reviewed

944K0476B Chisinau KISHINEVSKIYE NOVOSTI
in Russian No 50, 27 Nov 93 p 2

[Article by T. Borisova: "The Issue of the Liberals' Purse"]

[Text] The first congress of a new social and political organization—the Liberal Convention of Moldova (LKM)—which is headed by N. Chirtoaca, adviser to the president of the Republic of Moldova, was held last Saturday, 20 November, in Chisinau.

The majority of the participants in the forum represented business circles of the republic. They were leaders of small-scale enterprises and cooperatives, stock companies and insurance companies, and commercial centers and funds. A telegram of greeting was sent the congress by entrepreneurs of the Left Bank. The Convention has thus first and foremost united those for whom neither the campaign against the market nor entry into the market presents insoluble questions. This is understandable, for the idea of liberalism contained in the designation of the Convention is based, as we all know, on the institution of private property and freedom of capitalist enterprise. It was proclaimed at the congress repeatedly, for that matter, that the organization is open to all who urge real reforms in Moldova. It was emphasized that liberalism has always been close to the Moldovan peasant. When, however, it was asked from the floor: "What about the working class?" the response was: "And workers in sympathy with liberal views should, of course, be in our ranks."

As far as the coming elections are concerned, the Convention identified its program maximum as follows: the creation of a liberal-reform bloc capable of elaborating a common approach to reforms in the republic.

"We intend," People's Deputy V. Dobria, an organizer of the Liberal Convention of Moldova, declared, "to support at the elections all parties and all individuals who have real reform programs. We have the intellectual and material forces for this."

So, employing the well-known metaphor, it may be said that one of the "moneybags" for bolstering the "body and spirit" of certain political forces in the election marathon has been filled. The candor with which this was stated is to be respected, I believe. To the question as to who specifically will, for all that, be receiving from that bag, V. Dobria observed that it would not, of course, be either the extreme left or the extreme right, since "both contain a direct threat to Moldova's independence." Not the friendliest attitude toward the Agrarian Democratic Party, "for an endeavor to preserve the kolkhozes at any price and for blockages in the way of privatization in the countryside" was expressed in

passing. At the same time the right-wing social democrats and the Reform Party have already won the affections of the Liberal Convention. Concerning the liberals' direct participation in the elections, however, V. Dobria declared:

"We do not aspire to power, and we do not need positions. Our purpose is to help true professionals come to power. At the same time, you will see the names of members of the Convention on the slates of this party or the other that is participating in the elections. On which slates precisely it is hard to say, for not all parties have published their programs as yet."

Generally, both the congress and the news conference that followed were conducted under the sign of such symbols as "centrism," "private property," and "reforms." In the spirit of true liberalism. In the spirit of the present day. In fact, the entire organism of conventions seemed to me strikingly contemporary. By their uncomplicated attitude toward such a seemingly fundamental concept as the social base, for example. Remember—"and workers should be in our ranks." In some newborn parties, on the other hand, no social base is adumbrated at all. Never mind, do not worry, there should be an idea, and there will be a social base.

And how contemporary were all the liberal words on the subject of private property! No matter that it is not even mentioned among the vast majority of citizens. After all, the social democrats are just as ardently promising our rapid private-property formation in the process of privatization. Although it has long been calculated that even with a length of service of 30 years, a person is due four annual minimum wages—approximately half a million rubles, that is, coupons.

Also entirely in the spirit of the times, incidentally, is the fact that the head of the convention is none other than a presidential adviser. As you will recall, this path was trodden before him by another M. Snegur adviser, Stefan Gorda, now a leader of the Reform Party. Yes, as can be seen, it is with good reason that, in military terminology, the presidential host is forming an extended line. After all, practically all parties of the republic will be taking part in the early presidential elections, which, as can be seen, are not that far off. And, consequently, the head of state will be able to count on "his" bloc.

But I would call the most modern stroke of Saturday's undertaking the presentation of the convention. The smorgasbord was reminiscent of the preface of the "Book of Appetizing and Healthy Food" of the 1950's edition—a real treat! And how some newly baked and hardened politicians are treating themselves currently, lending an ear to the chink of coins in the liberal purse!

Socialist Party, Unity Movement Issue Joint Appeal

944K0479A Chisinau, KISHINEVSKIYE NOVOSTI
in Russian No 50, 27 Nov 93

[Preelection Appeal of the Forming Socialist Party Bloc of Moldova and the Unity Movement for Equality of Rights]

[Text] On entering the preelection campaign, we, representatives of the forming bloc, deem it necessary to proclaim the principles of our political position. In the course of the preelection campaign we will not deceive voters with fairy tales about "democratic capitalism," the myths about miracles of a market economy, radical reforms, or the wonder-working possibilities offered by "doctrines of European social-democracy" and triumphant entry into Europe through Romania. All this is beyond the field of real possibilities available in present-day Moldova, it is no more than just piquant imagination or simply political smoke and mirrors.

We appeal to the historical memory, historical experience, and historical wisdom of the people of Moldova who were placed by hostile political forces in a very difficult socioeconomic position, in a situation calling for selection of the forms and content of the future social order.

Society can function effectively only on a basis of common values. Their loss, eradication, or weakening always signals the downfall of statehood, destruction of society and its disintegration. That is why representatives of our bloc, having acquired the trust of voters, shall do everything possible in order to realize the main, triune task.

First

Preserve and develop historically formed common values of our society—peace and harmony among nationalities, territorial integrity, fraternal cooperation between people of various nationalities, national, public ownership of land and natural resources, principal branches of industry and agricultural production, and wisely centralized management of the national economic complex, as well as mutual cooperation with all fraternal republics of the former USSR.

The Moldovan language is the most important common value and everything possible must be done for its voluntary assimilation by all citizens of Moldova. Bilingualism, particularly in the cities, with widespread utilization of the Russian language, which is spoken by virtually all persons living in Moldova, is no less of a common value.

The worker, the person engaged in socially useful labor in spheres of material and spiritual production and the very sphere of labor itself definitely remain a common value. Thoughtless and hasty reforms in that sphere on the basis of neocapitalist ideas would be a crime.

The history of Moldova, including its Soviet period, which is characterized by tumultuous historically unprecedented tempos of socioeconomic development and creation of industrial and agricultural complexes, development of its science, and educational and public health systems as well as culture, is and will continue to be an undiminished common value.

Second

Restore and develop those common values that were forfeited in an unsubstantiated manner and primarily ones such as full universal employment with no unemployment which is so demeaning to human dignity, which now has not been known by entire generations of workers, guaranteed employment for all graduates of schools, trade schools, and secondary and higher educational establishments, mandatory and effective social protection of pensioners, children, young people, families with many children, and invalids, free education and medical services, legal protection, a state program of housing construction and provision of housing, representation of all social groups in legislative organs at all levels, public control of executive power, and election of judges in people's courts and people's assessors.

It is necessary to restore the youth policy which existed for many years, a system of public organizations for children and youth supported by the state and labor collectives, which possess exceptional historical experience in public education of the growing generation.

Unfortunately common values that were lost in many aspects include the most important one—that of equal rights. All citizens of the republic must enjoy an equal status in all vitally important situations, in all spheres of life regulated by law.

Representatives of our future bloc do not want restoration of features inherent in nomenclature totalitarianism. They will strive only for the restoration of social justice and will not permit rejection of a single one of the social achievements accumulated by workers over the years of struggle for their rights.

Third

Promote in every possible way the creation of new common values affecting long-range development of society as well as consolidation of traditional and evolving forms of social interaction. This consists of a mixed economy with state control of its commanding summits in the implementation and interaction of state, municipal, collective, shareholder, leasing, private and other forms of ownership; their protection against manipulation by antisocial forces and the bureaucracy; free privatization of housing; creation of an ecologically comfortable living and production environment; a common search for a new meaning of life; ideological and political variety; priority of individual freedom without the nationalization of the spirit and a dictatorship of the majority; search for new forms of state building and collective responsibility for the future;

creation of a social base for new forms of domestic socially significant entrepreneurship; establishment of a new level of economic and geopolitical consciousness of the people making the process of sovereignization of Moldova irreversible.

We invite all those who support the established political task to unify their efforts under a slogan expressing the quintessential basis of contemporary social values of our society: "Civil harmony, national equality, social justice."

[Signed] Republic Council of the Socialist Party of Moldova.
Executive Committee of the Unity Movement
Chisinau, 22 November 1993

Association of Totalitarian Communist Regime Victims Issues Election Platform

944K0479B Chisinau NEZAVISIMAYA MOLDOVA
in Russian 30 Nov 93 pp 1, 6

[Declaration of the Association of Totalitarian Communist Regime Victims]

[Text] A declaration adopted by participants of the Second Congress of the Association of Victims of the Totalitarian Communist Regime of Moldova was passed for distribution to the Moldova-Press Agency. It states:

The Second Congress of Victims of the Totalitarian Communist Regime of Moldova which took place on 20 November 1993 noted with profound concern the aggravation of the socioeconomic and political situation within the republic capable of leading to social explosions with severe consequences.

The steady and uncontrolled rise in prices for essential food items, complete devaluation of monetary savings of the population, non-indexation and delayed payment of wages, pensions, stipends, and grants, the growth of mafia-like groups and the blossoming of corruption led to a state where all of society was engulfed by a severe economic crisis and most of the population lacks any guarantees or certainty about what happens tomorrow.

Such economic chaos is a consequence of the blocking of democratic reforms in the economy by conservative forces, the inability of the current leadership to manage a sovereign and independent state, and the lack of an effective program for transition to a normal economy.

At a time when the population is growing poorer with every day, the number of ministries, departments, and governmental and parliamentary commissions is growing inordinately, naturally, along with the ranks of officials as hundreds of government and parliamentary delegations travel by air to all countries of the world while hundreds of delegations arrive in our country which requires the expenditure of huge sums of money without any practical benefit. The government finds money for the maintenance of excessively numerous structures as well as for the foreign trips and reception of delegations, but not for the indexation of wages, pensions, and stipends.

Privatization of state property is fiction. It is conducted within the narrow sphere of a corresponding department. The process of endowing peasants with land is being blocked and confiscated property and nationalized real estate is not being returned to victims of the totalitarian Communist regime. Moreover they are compelled to acquire above-norm living space at astronomical prices, including balcony areas, and apartments being privatized.

The president of the republic is not fulfilling his campaign promises regarding the conduct of democratic reforms, while a number of edicts of the head of state are being ignored by parliament and the government.

Unqualified affiliation with the Commonwealth of Independent States and the so-called economic union, carried out to the detriment of the economic and cultural integration with Romania and development of economic ties with western countries, will further aggravate the economic recession in the republic.

The policy being conducted by the current government in the field of taxation, excise taxes and licensing led to the bankruptcy of most of the producers and is stimulating the growth of speculation, crime, and mafia-like structures.

A number of errors by the government likewise led to a decline in culture, education, public health, and the lack of social protection for impoverished segments of the population.

Taking into account the socio-political and socioeconomic situation that developed in the republic, participants of the Second Congress of the Association of Victims of the Totalitarian Communist Regime of Moldova deem it necessary to raise the question concerning elaboration and conduct of a broad and concrete program of economic and socio-political reforms by the leadership of the republic, which would ensure the following:

1. Stimulation and development of the reform of the taxation policy and production enterprises regardless of forms of ownership.
2. Accelerated privatization of state property under strict government control.
3. Most effective functioning of all state structures in the development of small and medium-scale businesses.
4. Endowment of peasants with land, adoption of the law on private land ownership with the right of sale and purchase; transformation of kolkhozes into joint-stock companies, cooperatives, and farms with simultaneous development of a market infrastructure, including creation of credit societies, land banks, cooperatives and joint-stock companies in the material supply of farmers and individual farms as well as in the sale of their products.

5. Along with the restoration of economic ties with the eastern republics, full social and cultural integration with Romania through the signing of a fraternal treaty with it, coupled with development of economic ties with western countries through the attraction of investments in the development of industry and the agricultural sector.

6. Resolution of the Dniester region conflict along with differences with southern regions, withdrawal of the 14th Army, ensurance of the integrity of the republic with the aid of international organizations, unconditional release of Tiraspol political prisoners of the Ilashku group.

7. The swiftest conduct of territorial-administrative and judicial reforms and observance of human rights in all spheres.

8. Liquidation of the bureaucratic system through a wholesale decrease in the number of ministries, departments, and commissions, as well as in the size of their staffs.

9. Stimulation of the development of culture, science, public health, and education.

10. Social protection of the impoverished segments of the population—pensioners, invalids, elderly persons living alone, mothers with many children, employees and workers whose wages are below the minimum subsistence level through the indexation of wages, pensions, stipends, and grants and also through a cutback in irrational expenditures by state structures.

11. Restoration of the rights of all victims of the totalitarian Communist regime through the observance and amendment of the law on rehabilitation of political victims of the totalitarian Communist regime of 8 December 1992, to wit:

Return of property, real estate, and other confiscated or nationalized assets or award of compensation for victims or their descendants with the conclusion of an agreement for that purpose with Russia—the country which is obligated to provide compensation for all the material and moral harm caused victims of the totalitarian Communist regime.

Free privatization of all living space for families or heirs of those who suffered because of the totalitarian regime;

Recognition of the time spent by victims and members of their families registered in Russia and in other republics of the former USSR where they were forced to live after exile until their return to the republic as full active service in the computation of pensions and privatization of state property.

12. Indexation of monetary savings in savings banks at the expense of privatization of state property through the issuance of special bonds.

13. Restoration of history and national culture, the state language, national traditions, as well as ethnic development of the population of the republic.

Adopted at the Second Congress of Victims of the Totalitarian Communist Regime.
Chisinau, 20 November 1993

Actions of Parties Outlined in Press Digest

944K0482A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 24 Nov p 1

[Article by the NEZAVISIMAYA MOLDOVA political department under the rubric "Press Digest 'Elections-94': "All the Faces Are Familiar"]

[Text] The Reform Party "launched" two press publications all at once last week. The DNEVNOY EKSPRESS and OBSERVATORUL DE KISHINEU gave considerable attention to the party's program positions on their pages. This is what Anatol Salaru, the leader of the party, declared in an interview with DNEVNOY EKSPRESS:

"The aim of our party is the creation of political and juridical conditions for the development and expansion of a stratum of well-to-do, or even, according to our yardsticks, wealthy people—what in the West is called the middle class. The middle class, after all, is not just prosperous businessmen and owners of firms and plants, it is highly paid employees—teachers, engineers, doctors, and also workers who own stocks of enterprises and farm owners. This class is the foundation of consolidation and stability in society, and changes in financial and tax policy, legislation, etc., mostly affect it.

"Our aim also is to achieve equal rights for private property with respect to state property.

"We must change the existing order, but only in an evolutionary way, with the help of political, economic, and legal reforms, and reforms in education. We already have a program that is worked out for attracting foreign investors that went through expert analysis in Switzerland. We are counting on the support of private business, including in industry. We are against the policy of favorable credits, it is this that ratchets up the spiral of inflation."

The leaders of the recently created Liberal Convention of Moldova also are for radical economic reforms. Excerpts from the statements of the LKM [Liberal Convention of Moldova] are printed in the government newspaper GRAZHDANSKIY MIR: One more or less clear direction is appearing in the social-democratic reality of Moldova—the so-called "social market economy," which frequently has something directly in common with the tendency to return to the administrative-command system. The main deficiency of this direction lies in the attempt to preserve the absolute role of the state and the public sector in the economic and social activity of the people, permitting the nomenklatura oligarchy, which, as a rule, is incompetent and unsound, to preserve power under the new conditions. The Liberal Convention sets as its task the development and establishment of a social-economic and political system in Moldova that is

capable of stimulating the EFFICIENCY and DYNAMISM of a new evolutionary development of the country that can be implemented on the basis of the creative application of basic principles that ensure the efficiency and dynamic balance of democratic and industrially developed countries...

At this moment in Moldova, on the threshold of the election of a new structure of the higher legislative organ of the country, the necessity has arisen to consolidate all forces that are for LIBERAL-ECONOMIC REFORMS in a united LIBERAL CONVENTION OF MOLDOVA.

An interview with Victor Puscas, the chairman of the Republican Party, is published in this issue of the newspaper. He gave this answer to a question on ways to get out of the crisis: "A rejection of extremism, no matter what form it takes; the creation of a civil society with all its attributes; the development of political pluralism, and at the same time putting both state and antistate ideologies outside the bounds of worker collectives... The development of the economy depends directly on political stability in society. Emergence from the crisis is possible, given an open economy, its decentralization, the development of all forms of property, first and foremost, private property. One of the reasons for today's crisis is the loss of state control over the economy and, most of all, over the products that are being produced, not even to speak of the loss of control over the process of privatization.

"I await the election programs of those political forces that are the 'fathers' of privatization. I wonder how these forces will explain the impasse in which we all find ourselves. Why did we not seriously begin privatization, although we should have completed it a long time ago? Why is privatization being implemented according to the principle of egalitarianism, and what are the consequences of this egalitarianism for all of us?"

Eugeniu Gira, a candidate for deputy from the KhDNF [Christian Democratic People's Front] electoral bloc, focuses his attention on economic questions. We quote from the weekly TARA:

"The structure of the national economy is characterized by an exaggerated share of the agro-industrial sector that does not correspond to the correlation between agriculture and industry and, simultaneously, by an unfavorable situation in the sphere of services. However, inasmuch as the transition to the market has already begun, we cannot delay the start of restructuring national income and the gross domestic product according to branches. The restructuring of the branches and sub-branches of the national economy, both from a quantitative and qualitative standpoint, can be conducted through the employment of a policy of priorities and support of some of them and the elimination or reduction of a shared part of others, in this way bringing the structure of the work force, the importance of the first,

secondary, and tertiary sectors, and other macroeconomic criteria into a channel that is generally accepted by countries with a wealth of experience in a market economy.

"It will be necessary to carry out structural changes in the economy of the Republic of Moldova in consonance with the metamorphoses that are occurring in the economy of Romania: Joint efforts will reduce to a minimum losses associated with these processes by means of joint investments in all branches, in particular, industrial branches that require colossal sums that are almost inaccessible to each country by itself. At the same time, the Republic of Moldova in this way will have access to new sources of raw materials and energy, while participating in the development of the substantial energy potential of Romania and, with its help, breaking into third markets. The easing of the level of reprofiling, with a mutual expansion of sales market zones, will also lead to real economies."

Last week, communists made unexpected announcements about themselves. Vladimir Voronin, cochairman of the republic council of the Communist Party, shares his opinions on the forthcoming elections with readers of KISHINEVSKIYE NOVOSTI:

"First of all, I want to say that in my opinion the election of parliamentarians according to party lists is still another concession to certain forces. For to talk today about parties that have an adequate social basis in society is simply frivolous. Especially since a majority of them are small in numbers and, in fact, are 'parties on asphalt,' that is, parties that do not extend their influence farther than Chisinau and one or two other cities.

"Under these conditions, the Party of Communists of Moldova intends to help the voters to correctly orient themselves before the elections so that decent and competent people come to parliament."

People's Deputy on Socialist, Social Democratic Differences

944K0482B Chisinau KISHINEVSKIYE NOVOSTI
in Russian No 51, 4 Dec 93 p 1

[Article by V. Morev, people's deputy of the Republic of Moldova and member of the Socialist Party: "Who Is the Leftist of Them All?..."]

[Text] Now, on the eve of the elections to parliament, it is becoming necessary to explain more and more frequently that the socialists and social-democrats in Moldova are not only not close in their views but are political opponents who differ in their basic ideological positions.

While the Socialist Party expresses the interests of wage labor, the Social-Democratic Party is a party of the national bourgeoisie. Up to the present time it has maintained the image of a "left-wing" people's party and even exploited the concept of "democracy" in its title,

which means the "power of the people." But the fact that the SDPM [Social-Democratic Party of Moldova] also uses the term "social," well, after all, the national socialists also have it... Thus, the essence of parties is not in their names but in their fundamental ideological positions. First and foremost is the attitude toward property. Socialists understand the diversity of forms of property as an objective reality. But we are for a determinant role of people's property in the form of state and associated collective property. Only then is national income redistributed in the interests of the workers, and this means real social guarantees for the population, and there cannot be unemployment, inflation, and an increase in prices with a reduction in wages. People have access to housing, education, health services, etc., which makes it possible for them to live without fear of the future. There are also no reasons for massive corruption and crime. It is exactly under the supremacy of national property that it is possible to form the private sector of the economy on legal principles, with honest competition, and without the impoverishment of the working people.

The social-democrats, first and foremost, defend private property, under which the income of the people is redistributed in the interests of property owners, but not more than 10 percent of the population can be the real owners of the means of production. I will not refute or confirm the opinion about the prerogative of the social-democrats in law-making and the conduct of privatization; i.e., the organization of the process of transformation of national property (state, kolkhoz, cooperative) into private property. Officially, everything went along the line of the state structure. Although V. Ciubotaru, while being one of the leaders of the SDPM, was the deputy general director of the State Privatization Department, and there are also members of this party in the department. But this is not the question.

While the Law on Privatization defines this process as national privatization, the practice went in an entirely different direction. The law makes it compulsory to guarantee the social protection of the population, but, in fact, it cuts itself out of participation in privatization by means of duties, fees, taxes, contracts, etc. A person frequently cannot even privatize his own apartment and, what is more, later maintain it, although he has already paid for its cost with his labor over dozens of years.

The rights of citizens are crudely violated in the receipt of an equal share of the ownership of state property that is subject to privatization. The first auctions revealed a deviation from the basic principles of privatization defined by law, including also the mandatory consideration of the work collective of the object being privatized. There is also a complete lack of reliable information about the progress of privatization. The law strictly prescribes that only citizens of the Republic of Moldova can participate in privatization, but, for some reason, the names of new owners are not publicized.

But perhaps it is necessary to seek answers to such questions from V.B. Ciesuev, who holds the position of

general director of a state department: "The show will be directed by whoever really possesses the property. The market—is it not the best place for the application of unselfishness?" Well, this is just as frank as it is cynical.

The socialists are conducting an open political campaign against those who hurt the interests of the workers and violate their rights. At the initiative of the socialists, parliament decided that stocks acquired for BND [national property certificate] can later be sold only for national currency. We are for land and its wealth belonging only to the people and in no case to foreigners. We are for the ratification of interstate agreements and for Moldova's joining the economic union of the CIS. We are not for a return to the past, but for the improvement of society on socialist principles. We think that on 27 February 1994 it is necessary to submit to a referendum the question of the political independence of the Republic of Moldova, and its joining the CIS and its economic union. The people, and not the parliament and not diminutive parties, should decide whether the state of the Republic of Moldova will or will not exist.

A very important factor that determines the essence of a party is its formulation of the type of authority that it defends. The socialists are for genuine sovereignty of the people; that is, for a referendum and for a national discussion on very important draft laws. The working people should not only nominate and elect deputies, but they themselves should also be represented with all of the powers in all branches at all levels of authority. The social-democrats assign primary importance to a professional parliament and to a bourgeois system of elections, where a working person is given the right to elect, but does not have a practical chance of becoming a deputy in parliament. After all, according to the new law on elections, the workers in Moldova are deprived even of the right to nominate candidates for deputy—only political organizations have this right, in a majority of cases small in membership and unknown to the people. This means that it is not the people who will nominate candidates, but the politicians—who will nominate themselves.

The positions of the Socialist Party and the Social-Democratic Party have also diverged with respect to the tragic events in Moscow at the beginning of 1993. In our republic, only the Socialist Party condemned the tyranny against the Supreme Soviet of Russia, which confirmed its legitimacy in a referendum in April 1993 on a par with the president of the Russian Federation. In those days in Moscow, not only were many unarmed people killed but democracy was executed there, opening the way to dictatorship of the right-wing reactionary forces. But the social-democrats openly supported these reactionary forces, showing that they are democrats only in words, for camouflage.

The party lists of candidates for deputy will also say a great deal. Oazu Nantoi, leader of the social-democrats, is now actively criticizing the democrat-frontists, but in

the recent past he was cochairman of the People's Front of Moldova. Now Mr. Oazu has a new cover on his ideological banner...

The destiny of the people of Moldova will be decided on 27 February 1994. On that day it will be possible to stop the policy of absurdity and put an end to the suffering of the people. According to the new law on elections, the elections are considered to be held if not less than 30 percent of the voters registered on the rolls take part in them. It is quite likely that if you do not come to vote, others will decide your destiny for you. Silence and inaction have already created trouble.

Goals of Moldovan Women's Association Explained

944K0478A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 13 Nov 93 p 3

[Interview with Silvia Saca, deputy chairman of Moldovan Women's Association, by E. Albu: "Silvia Saca: 'We Are Not a Charitable Organization'"]

[Text] I was heading for one room and ended up in another—that is, using my memory as a guide, I went down Sadovaya Street, looking for the old building where the former republic society for relations with foreign countries had been located, and learned that it was now the site of the American embassy.... People directed me around the corner, to the Dacnea Association for International Relations and the Moldovan Women's Association. It is a beautiful snow-white building resembling a triple-decker ship. It has spacious lobbies with upholstered armchairs, walls lined with elaborate oil paintings, posters, and etchings, bouquets of flowers in ceramic vases.... Sublime beauty, without a doubt, but what lies "within"?

In the reception area of the Moldovan Women's Association I was greeted by a young, attractive, and extremely friendly woman—Silvia Saca.

[Albu] Just what kind of entity is the Moldovan Women's Association, of which you are the deputy chairman? Does it stand for "aesthetic emancipation"?

[Saca] We are a sociopolitical organization, not a party.

[Albu] But why do you use the word "political"?

[Saca] We would like to take part in elections, but a social organization does not have the constitutional right to do this. There are only seven women in the Moldovan Parliament and one woman minister in the government. These figures are ridiculously low.

[Albu] What kind of relationship do you have with the Christian Democratic Women's League?

[Saca] Now it is good, but it was an exceptionally strained relationship in the past.

[Albu] With the possible exception of the Amazon warriors, women have always been against bloodshed. The image of the bare-breasted maiden with the flowing hair, carrying a banner through the rubble of the barricades, is ludicrous. It can only be seen in a Delacroix painting....

[Saca] We are against bloodshed....

[Albu] I was in the Dniester zone recently. The women of Bender, Tiraspol, and Dubasari whose sons are dead or disabled have announced their intention to promote peaceful consolidation and want to meet the women of Chisinau, Orhei, Stresen, and Belt.... Are the women of Chisinau willing and able to organize this kind of meeting today as a reproach to all of the "frontline combatants"?

[Saca] We are willing..., but relations between the two sides are still not encouraging, and the progression toward this kind of meeting will have to be gradual.

[Albu] President Mircea Snegur's message to the inhabitants of the Moldovan Left Bank includes this valid statement: "The main thing now is not to put all of the blame on one side and ascribe all virtues to the other. We will never be able to move from this kind of black-and-white position to a mutually acceptable peace agreement." It is true that this is an essential condition for the resolution of conflicts. Has your association made any attempts at this kind of convergence?

[Saca] Yes. Six women, active members of our association headed by L.E. Scalna, had a meeting with General Lebed.

[Albu] When??!

[Saca] In August 1992, following the gruesome events.

[Albu] How did the meeting go?

[Saca] We managed to have an agreeable conversation without much effort. After all, the general has his own ideas about the honor of an officer. This time he was talking to women, however, and there was no need for arrogance.

[Albu] How did the conversation begin?

[Saca] At first we addressed him as Sir (Domnul) General. He bristled and turned somber and aloof: "I do not care for that." "Comrade" did not suit him either. "Then let us address you by your name and patronymic—Aleksandr Ivanovich." He relaxed right away.

[Albu] Then what happened? Did you discuss the "pacifist" Andreyeva?

[Saca] Yes, but we spent more time talking about the main thing. We said that the conflict seemed to have run its course, thank God, but the 14th Russian Army had furnished the "people" on both sides of the Dniester with huge quantities of weapons.

From the conversation with A. Lebed:

"What next? Just strike a match.... I guarantee that no more weapons will be plundered, squandered, or 'distributed.'"

"Why did you change your mind about the Dniester government?"

"I cannot bear corruption...."

After our conversation, General Lebed gave up his seat as a deputy of the Dniester Republic (although many had known in advance that politics is no occupation for a general) because fighters from the Dniester had defended the White House in October this year, taking the side of A. Rutskoy and R. Khasbulatov after they had been outlawed by the presidential edict of B. Yeltsin.

From the conversation with A. Lebed:

"What kind of relationship do you have with the Moldovan leadership?"

"None."

"If you were invited to form a Moldovan National Army and were asked to take an oath of allegiance to Moldova, would you agree to do this?"

He almost turned green: "I would not betray my homeland." It was obvious that this was not a man who would go against his own convictions. After the conversation it was clear that the rift between "yours" and "ours" had to be repaired.

[Albu] There were so many disenfranchised families, disabled veterans, and refugees after the Dniester conflict. Did the Moldovan Women's Association come to their aid?

[Saca] Yes, we set up a social fund and opened a bank account.

[Albu] Where did you get the money?

[Saca] We asked enterprise managers for contributions and "squeezed" money out of every possible source.

[Albu] Was there a good response?

[Saca] Yes. The Zorile firm is a good example. The situation there is just the same as everywhere else today: It is not that good. Many things are in short supply or are lacking, but General Director V.V. Gervasev, who seemed so grim at first, nevertheless "came up with" 300 pairs of shoes.... It was such a strong and warmhearted response. There were other examples as well.

[Albu] What about private aid?

[Saca] With the money from the association fund, we were able to offer financial assistance to families who had lost their breadwinner and to disabled veterans of the bloody conflict, we paid for prosthetic appliances, and we sent victims—some of whom had lost arms and legs—to Romania for treatment....

[Albu] Did the association also offer aid to the indigent?

[Saca] Rumors of our "generosity" apparently spread throughout Moldova. People came here and are still coming here from distant rural communities, incurring financial losses and travel expenses, but we are not a charitable organization.

[Albu] Then what is the purpose of the activities of the Moldovan Women's Association and your fund?

[Saca] We are collecting useful ideas, so that they can start "working" for the society.

[Albu] How?

[Saca] We were instrumental, for example, in the establishment of the "Businesswomen's Club."

[Albu] We have heard more than enough about businessmen, but who are these "businesswomen"? ...Are they "blue stockings"?

[Saca] They are women with professional expertise, primarily economic and organizational skills. Women who have succeeded in commerce and business, in firms and offices, will share their business experience with younger women. After all, many have a sincere wish to start their own businesses, to try their hand and test their skills in a chosen field, but the system of distribution did not give them the necessary experience or knowledge.

[Albu] In other words, as V. Rozanov said: "All property in Russia was 'begged, borrowed, or stolen.'" There is little labor invested in this property, and that is why the tradition of ownership is weak and is not respected.

[Saca] That is exactly the situation today. People are confused by privatization and are ready to "beg" and allow themselves to accept a "gift." "Beggings" is embarrassing at first, but it gets easier.... Later it becomes a habit.

Our conversation was interrupted by the arrival of a blind person from Bender and then of a mother carrying a baby.

[Albu] I suppose they come to you with their personal family problems?

[Saca] Of course. A woman recently came here. She was what we shamelessly refer to as a single mother. She was a qualified specialist in a construction field and asked us to help her get a shorter work day. "Call the boss," she asked us, "and give him a piece of your mind." I explained to her that we do not have "telephone prerogatives" of that kind. We can offer advice and suggestions, we can offer legal assistance, we can suggest how women might extricate themselves from difficult family situations and counsel them on the proper upbringing of a son or daughter. We are constantly dealing with complex situations of this kind, but many people, and not just women, are regrettably accustomed to getting something for nothing.

[Albu] How did you decide to resolve difficult interpersonal conflicts with the aid of the association?

[Saca] Here is one way. The Doina and Ion Aldea-Teodorovic Fund was set up at our "suggestion." We want to use this fund to help the artistic intelligentsia and people on pensions, to encourage the advancement of talented children, and to instill good taste, cultural sensitivity, and creativity in young people....

[Albu] How are contacts established in these cases?

[Saca] Tatiana Pirkalab, one of our sponsors, visited the home of Doina's mother, Eugenia Marin, and informed her that her grandson Cristi, the son of Doina and Ion, was under the patronage of our association and fund.

[Albu] He is probably not the only beneficiary of the association sponsors' generous support....

[Saca] A school for disabled boys and girls (only a few for now) was founded through the efforts of our "think tank" and our considerate patrons. Some will be trained as tailors, and others will learn English, translation, and typing. In short, we do have plans and ideas.

[Albu] In your efforts to build a new social relationship between different segments of the population in the republic and to establish contacts between the haves and have-nots, are you giving up some of the good old traditions? In public health care, for instance?

[Saca] No. We feel that the Soviet system of maternity health care was the best in the world.

[Albu] Is the Moldovan Women's Association threatened by the "governmental void"?

[Saca] We hope not....

Chairman Details Central Election Commission Activities

944K0480A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 20 Nov 93 p 2

[Interview with Nicolae Timofte by Ye. Podgornov; place and date not given: "As We Vote, So Shall We Live"]

[Text] An election is unfolding in Moldova. Parties, social and political movements, and blocs have begun the struggle for the electorate's vote. Election commissions, where the first meetings between the candidates for deputies' seats with the public are being held and visual material appealing for support for this candidate or the other is being displayed, are being manned locally. Things are getting busier for the Central Election Commission for elections to the republic's parliament by the day.

Our correspondent met with Mr. Nicolae Timofte, chairman of the Central Election Commission, and asked him to answer a number of questions.

[Podgornov] Mr. Chairman, tell us briefly about the particular features of the coming elections and how the makeup of your commission differs from previous ones.

[Timofte] The campaign itself has begun and will be conducted on the basis of the new Parliamentary Elections Act. The particular features of the elections are that they will be held on the basis of a multiparty system and under new conditions. A considerable amount of time has elapsed since the previous elections, and the socio-economic situation has changed appreciably, as can be seen by everyone with the naked eye.

As you know, the Election Act had to be amended: It contemplated the campaign being conducted with a new territorial-administrative arrangement, but this matter has yet to be considered by parliament. For this reason, a single electoral district incorporating all of Moldova was formed.

The approach to the formation of the Central Election Commission was different also. According to the statute on the procedure of introduction of the Election Act, it included seven justices of the republic Supreme Court and representatives of parties, social and political movements, and blocs. The seven were elected by ballot at an open session of the Supreme Court. And then it elected from among its members a chairman. This is for me both a great display of trust and a great responsibility.

[Podgornov] How are relations between the justices and the representatives of the parties shaping up?

[Timofte] We are all members of one team. From the moment they become a part of the commission, the representatives of the parties must channel all their efforts toward fulfillment of the Parliamentary Election Act. They are called upon to be objective and to forget for the time being their own predilections. The justices, on the other hand, represent no parties or movements, we are depoliticized. All members of the commission together must adopt for the period of the campaign a dispassionate, neutral position. The Central Election Commission should and has already begun to exercise uniform application of the act throughout the territory of the district.

[Podgornov] What has the Central Election Commission done, in fact?

[Timofte] It has approved a plan of work for the whole campaign. We are now working on putting together various sets of instructions. We have approved the support groups of employees presented by the district soviet executive committees and city halls. These groups will maintain liaison with us and decide on operational matters.

A meeting of members of the commission and city and district leaders was held last week. Many organizational problems were studied. We shall be cooperating throughout the election period, and the first contact has now been made. Our commission has its own staff.

manned by people who have taken part in similar campaigns earlier. And we have recommended that the leaders locally also enlist those who have experience, but lawyers, primarily. I feel that many have heeded our advice.

[Podgornov] And what is on the minds of the representatives of the local authorities?

[Timofte] Many matters, purely organizational, what is more. We have clarified the interpretation of certain concepts, conferred on the business of relations with the parties and the financing of various activities and the pay of the persons employed in this campaign, and so forth. We have had to respond quickly to everything, for we do not have that much time. I have already said that such elections are being held for the first time and that we are learning how to execute the new act as we go along. The meeting was useful for both sides.

Questions of the work of radio, television, and the newspapers on notification of the public and on all parties, movements, blocs, and independent candidates being accorded equal conditions on the basis of the Election Act were broached, for example. We should all keep an eye on compliance with the articles concerning the mass media.

The local authorities should also determine particular locations for the accommodation of visual campaign material. Equality must be assured here also.

And much work has to be done in respect to the financing of the campaign. We have to establish the upper limit of the election fund, which no one must exceed. The Central Election Commission and the Ministry of Finance will monitor this.

[Podgornov] But the parties, movements, and blocs, and the independent candidates, among whom, I assume, there will be many with tightly stuffed wallets, could use their resources for additional canvassing and propaganda of their platforms and programs. Who will monitor this?

[Timofte] I have already said that all this is entrusted to our commission and the Ministry of Finance. The work will be highly complex and scrupulous, but if malfeasance is revealed, the results of the elections could be called into question. In addition, everyone surely knows that it is not possible to use financial assistance from abroad. A procedure for the repayment of government loans has been specified also. If you have failed to muster the requisite number of votes, you will have to return the money in full. And this is spelled out in detail in the act, for that matter.

[Podgornov] And what if some people avail themselves of the services of private newspapers and radio? How is expenditure to be monitored there? After all, everything could be arranged verbally, and no one could prove a thing.

[Timofte] We will rely on the honesty of the candidates. But if it is discovered that money has been spent over

and above the fixed amounts, the results of the ballot could be deemed null and void. In addition, this would be a scandal which would be remembered up to the next elections. It is hardly likely that anyone would want to undermine his reputation.

[Podgornov] How do things stand with the formation of election commissions locally?

[Timofte] We have begun and will continue to make contact with the local authorities within the framework of the act. We recommended at the seminar, incidentally, that the leaders make a careful study of it. Their main task is to help all candidates for deputy's seats to an equal extent. To single out no one specially or help any one person specifically more than another. Efforts obviously need to be made when organizing meetings of representatives of parties, movements, and blocs to ensure that not just one party or movement but several take part in the meeting. If some people need a meeting with the public only by themselves, they can organize this themselves within the limits permitted by act. This is their right.

[Podgornov] It may be assumed here that the activity of the electorate and its participation in the elections also will depend on the constructiveness of such meetings. What kind of guarantees of objectiveness of the actual ballot process and the counting of the vote are contemplated. It is no secret that during past elections quite aggressive canvassers, who would in two or three words make it understood what would await a person who voted against such-and-such a person, would frequently be sauntering through the polling station premises. What guarantees of the voters' voluntary expression will there be now?

[Timofte] The act specifies the actions of the law enforcement authorities on polling day. We and all those responsible for the voting will obviously have to adopt effective measures to put a stop to possible provocations, pressure on people, and so forth.

The participation of foreign observers and the press is planned at the elections themselves. It is contemplated inviting observers from Russia, Romania, Ukraine, the CSCE, and other countries and organizations. We want to impart to our elections glasnost in the broadest meaning of this word.

[Podgornov] And will elections be held on the Left Bank and in Gagauzia?

[Timofte] According to the act, they are to be held as in the rest of Moldova. This campaign will be a litmus test for the separatists, which should reveal or, more correctly, specify their political character. After all, the right to vote and run for election is guaranteed each citizen of Moldova. Let us see how it is realized in the Dniester region. We will see for ourselves together with the international community who is who. But I will not

make predictions. I would like to hope for the best. We are a united country, and it would be desirable to confirm this unity.

[Podgornov] The campaign is only just beginning. All your work is still to come. But, obviously, the electorate should not be passive in this period either. What would you wish them at this time?

[Timofte] First, that people get to the heart of what is happening and probe the program of each party, movement, bloc, and independent candidate. May they vote from conviction, not compulsion.

Second, we all need to remember that we must elect the parliament we deserve. For as we vote, so shall we live. Let all voters ponder this.

Formation of Liberal Reformatory Alliance Announced

944K0477A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 16 Nov 93 p 1

[Text] The formation of the Liberal-Reformatory Alliance as the first stage in the process of creating the Liberal Party of Moldova was announced at a press conference in Chisinau on 15 November.

The initiating group, made up of members of the business community, scholars, and attorneys, acquainted representatives of the news media and accredited foreign journalists with the "Liberal Program of Action." It explains why the members of the initiating group united in the Liberal-Reformatory Alliance.

The future party will propose its own program, based on the liberal doctrine which was and is the basis of modern Western civilization and embodies the essence of the liberal democratic reforms.

Advocating the establishment of freedom in an atmosphere of law and order, the Liberal Alliance will strive to attain the goals of its program in the political, economic, and social spheres and will take action to strengthen the institutions of the civic society, to foster decentralized government, and to promote the encouragement, support, and legal protection of private ownership.

The development of economic liberalism presupposes denationalization through the privatization of state property and the demonopolization of production.

The initiators of the Liberal-Democratic Party want to create the kind of social environment in which the majority of people will live freely in an atmosphere of political and social stability.

The reporters had many questions, and these were answered at the press conference.

Economic Rebirth Party Announces Platform

944K0477B Chisinau NEZAVISIMAYA MOLDOVA
in Russian 25 Nov 93 p 2

[Article by Viktor Starik, personal correspondent (Belt): "Economic Rebirth Party"]

[Text] Members of the Moldovan Economic Rebirth Party (PEVM) attended a constituent assembly last Saturday in the Belt Municipal Palace of Culture.

The platform they approved says that this is a new political party, uniting all social strata of the republic population on the side of cardinal changes in the state-administrative economy and the establishment of a law-governed state.

Members of the initiating group, President Aleksandr Kisherin of Kisherin & Co., an agroindustrial firm, Moldovan People's Deputy Anatoliy Konoplin, Moldovan Savings Bank branch manager Vladimir Chekin, KPP Director Aleksandr Sukhostavskiy, and other prominent administrators of enterprises in Belt, had this to say about the need for this new party in a political statement they issued during the preparations for the constituent assembly:

"Just yesterday we still expected the republic parliament and government to lead the economy out of crisis. We believed that the political confrontation would come to an end.... We anticipated the start of genuine, effective economic reform in Moldova.

"Today we can see that these hopes and other expectations were unjustified. The social and economic conditions of our life are particularly disturbing and are growing worse each day....

"The reason, in our opinion, is that the politicians in power care more about their group interests and ambitions than about the actual standard of living.

"The PEVM intends to fight for the interests of the laboring public, for social justice in our society, and for the territorial integrity of Moldova. The new party advocates the restoration of ruined technical and intellectual potential and favors stronger ties with the republics of the former USSR, the developed capitalist countries, and the dissolved socialist camp."

The new political party which was founded in Belt has already been joined by more than 600 people and supports the development of collective and private businesses, entrepreneurship, and a flexible tax policy.

As speakers remarked at the constituent assembly, the PEVM cannot participate autonomously in the current parliamentary elections, but this does not mean that it will stay out of politics. Its members include many respected industrialists and entrepreneurs whose opinions are certain to influence the government and president of Moldova.

Many of Moldova's northern regions support the PEVM platform and the charter adopted at the constituent assembly and sent representatives to the gathering.

Department Head Updates Privatization Efforts

944K0475A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 18 Nov 93 p 3

[Interview with State Department Privatization Chairman Vissarion Cheshuyev, by Leonid Kazakov; place and date not given: "Could You Play a Nocturne?... Privatization: Step by Step"]

[Text] The first strike of the bookmaker [as published] hammer put a decisive end to a chain of tiresome discussions on the topic whether privatization in the Republic of Moldova is or is not to be. Long live the wonderful paradox: In the harsh struggle to guard the interests of the state, a decisive and inevitable step has been made in the direction of depriving this very state of its monopoly on property. Truly, you do not always pick things up where you once put them....

The wine has been poured, wise men say, and has to be drunk. We have much more reason—and much less time to hesitate—to go through the next step than we had before we started.

For this very reason, our meetings with the head of the State Privatization Department became more frequent, and we are here again conversing in Vissarion Cheshuyev's office.

[Kazakov] Vissarion Borisovich, as they say, the process has gotten under way. And immediately one has to worry whether we would replace the monopoly of the state with the monopoly of clans. This is not an idle question: Figuratively speaking, faces familiar to all of us are beginning to appear in the back rooms of privatization, do you not find it so?

[Cheshuyev] I have heard of such concerns. I would not deny it—not all of them are groundless: Whoever is the real owner of the property will rule the ball. The marketplace is not the best environment for displaying altruism. At the same time, I am not inclined to exaggerate the danger of some or other political groups gaining a monopoly on the initiative. It is not so easy to do, especially here, where, as they say, each person is watched, especially if it is a prominent figure.

[Kazakov] Still, you will not deny that as soon as an opportunity comes along to accumulate the population's privatization money—let us call it this way—a concentration of ownership rights immediately takes place, and on the same scale, at that. This process, as any oscillatory phenomenon, is capable of becoming an avalanche. The experience of managerial science does not deny the fact that effective management of production manifests itself especially when property is concentrated among a limited number of owners. So here is the contradiction: On

the one hand, the negative effect of a monopoly; on the other—the well-known problems of a child with seven nannies. What to do?

[Cheshuyev] I repeat once again: Let us not dramatize the situation. Both contentions have been supported by empirical evidence. The famous General Motors company, for instance, has almost million stockholders, but its manageability does not suffer a bit from it. A bitter fight may ensue, on the other hand, among two co-owners, even relatives, who sometimes run their economic ship aground by trying to take the controls from each other. I see a different danger here. Let us take the experience of Russian privatization. The number of enterprises privatized through conversion to joint-stock ownership is reaching the tens of thousands, but turnover of securities is extremely low. As a result, the pressure of the gigantic money supply on the consumer market is not easing at all, and goods are becoming increasingly scarce. As a consequence, the government is forced to regulate the state of the market with the same administrative measures. First and foremost by running the printing press overtime. The Government of Russia has allocated additionally more than 1 trillion rubles [R] for procurement of agricultural products. Where will this money come from if the printing press operates much more productively than a weaving loom or a metal-cutting lathe? One may assume....

[Kazakov] The indexation of working capital in Romania is a phenomenon of the same order.

[Cheshuyev] Of course. Hence, the conclusion: One of the most important privatization tasks—creating an active securities market—has not been resolved. I am increasingly inclined to believe that at the first stage of privatization, at the very beginning of it, the effectiveness of investment funds, which concentrate considerable means in their hands, is not significant. It appears that preference should be given to trust companies, which will help the population to acquire registered stock for registered bonds. I emphasize—registered. This is the only way to create a real securities market.

[Kazakov] It would be good to demonstrate it on an example.

[Cheshuyev] Certainly. The average value of a BND [national wealth bond] is, let us say, 400,000 monetary units. For this money its owner may purchase 400 shares of stock at R1,000 each. Why keep them all under the mattress? A person will try to sell for profit if not one-half, then at least one-third of this stock. In my estimate, one out of every three of our citizens will make this decision. The result is a securities market, which will tie up huge amounts of money, thus relieving the pressure on the scarce consumer market. Commodity prices will stabilize. The economy will gain what it had been deprived of up till now—the economic motivation for labor.

[Kazakov] Are you not afraid that the securities market will soon become wild, as does everything here?

[Cheshuyev] I am, and therefore I believe that the state should quickly get its bearings. Buying and selling of stock should not become the prerogative of street trading. The organizational mechanism for a securities market was developed a long time ago. We do not need to invent anything.

[Kazakov] Let us go through it once more. For certain reasons, unlike the Russian version of privatization, we have made our BND registered. Will they not lose this quality once they are turned into stock?

[Cheshuyev] The task of the BND's is not to preserve forever the situation of the initial stage of privatization. Their task is to launch a market. They do not give a person the right of property *per se*—only the right to acquire it and dispose of it at his discretion. A BND, if you wish, is the starter of privatization. It helps to implant in a person's consciousness a qualitatively new notion of social justice as the equality of initial conditions rather than the equality of pieces of the pie handed out through the window of a state distributive agency.

[Kazakov] So we can put it this way: Distributing bonds to everyone in the country is a distribution of fishing rods, not the fish. Take it and fish in the places where you think the fish would take the bait best. Go fishing alone or in company with others. Create, invest, experiment!

[Cheshuyev] This is the only way. A sense of ownership—as all other senses, as a matter of fact—has to be nurtured and developed. There will be mistakes; losses are also inevitable. And there will be the development of a person as an individual capable of walking through life on his own, without grasping all the time for the handrail of state support.

[Kazakov] You mentioned that preference should be given to trust companies over investment funds. At the same time, it was you who did not allow trust companies to participate in the first auctions. Why?

[Cheshuyev] Only one reason: We did not have a statute on trust companies. Now it has been developed, and one hopes that it will be approved soon. Then—be my guest; convince your compatriots of your competency and integrity. Earn their trust. Offer programs, compete. Make money for yourself and for others.

[Kazakov] Privatization is being conducted on a national scale, but it involves quite specific objects, located on specific territory. Hence, a question: the place and the role of municipal organs in the privatization process. What do they get? And something else: A store is sold at an auction. To be precise: What is being sold is the former property of the Ministry of Trade—counters, scales, refrigerators, hangers, other equipment. As to the building itself, let alone the land underneath, they still will not become the property of new owners. One beautiful day the true landlord decides to put his property to a different use, and the new owners are left on the street with a pile of quite worn-out equipment. Or, a different

version: Impose such lease terms that it will make more sense to just give your property away to the lessor. What to do?

[Cheshuyev] I have heard quite a lot about this problem. It is interpreted in two ways: To some, it seems that the municipality does not possess any property, and therefore city authorities find themselves on the sidelines of privatization. Others, on the contrary, are afraid of arbitrariness on their part and thus sow the seeds of doubt in the minds of potential owners.

Both positions are not quite correct. Municipal authorities are not at all devoid of rights. They are the owner of everything that is on the books of the municipal services system, as well as of all enterprises that provide life support for populated areas. The government decree envisages the transfer of this type of enterprise from the jurisdiction of the sectoral ministries to that of the local authorities. Frankly, I am not certain that the latter are ready to take upon themselves this load and to manage it rationally. They may end up creating their own sectoral ministries. And there is nothing frightening in this, in my opinion. As is known, one possesses only that scope of power one is capable of taking upon himself.

[Kazakov] What if he takes on too much?

[Cheshuyev] That is also possible, and that is why a law on municipal property is urgently needed—which we still do not have. This law should regulate the procedure of managing the property of regional authorities, its sale, leasing, and so on. The latter is especially important. Such procedure at the level of a law will rule out any doubts with respect to potential arbitrariness of the sort "today I lease it, and tomorrow I change my mind." We asked the municipal authorities to develop a statute on the procedures of privatization of municipal property. So far without any result, although I do not know of any party that has more at stake in this document than they do.

[Kazakov] This part is clear. Let us return to auctions. What considerations were you guided by in entrusting their conduct to some or other company? Who are those lucky guys? There are rumors of some clan or even personal interests... And generally, why would your state department not take upon itself its "honorary" function? Why do you need middlemen?

[Cheshuyev] I have to point out that conducting auction sales is an undertaking that is both time-consuming and expensive. We do not have the money or the manpower for such specific work.

[Kazakov] Is it really that much hassle: a bookmaker [as published], champagne, music—nothing but a celebration.

[Cheshuyev] A ballerina's leap on the scene also looks effortless, but behind it is the exhausting, hard labor of a workhorse. The spectator does not see it, but this only makes it harder for the ballerina. Judge for yourself:

Before a lot does up for sale, it has to be studied from all angles and a technical certificate issued for it. You have to know everything about it: the condition of the foundation, of the building itself, its communications, equipment, power system, and many, many other things. Mountains of documents have to be processed within a very short period of time. It is in essence a very complex expert evaluation. Do note: If the lot purchaser believes he has been cheated—for instance, if he discovers hidden defects—he has the right to sue us for compensation. We have to trust the experts very much in order not to make ourselves vulnerable to new owners.

[Kazakov] What does the experience of past auctions show?

[Cheshuyev] We commissioned their organization and conduct to Moldprivatinvest Joint-Stock Society, and here is why. Two units of this solid company undertook this task: the Industrialproekt design and construction institute and the Azimut-tsentr company. The former has highly skilled specialists and undertook professional development and preparation of all technical documentation, the intellectual potential of sorts; the latter undertook organization and financing for the entire action. Personally, I do not see how the state department could possibly carry out this grandiose task in practical terms. We have neither the specialists nor the money. A small item for reference: To prepare three lots for the auction took about R20 million. All in all, there are about 40 enterprises. I doubt that I would find support in the Ministry of Finance had I asked for such amounts to prepare enterprises for the auction. I have to give Moldprivatinvest its due—they did their work superbly. As the saying goes, "Their example is a learning experience for others...." Everything was organized and carried out at the highest level of professionalism, rapidly and precisely. I have to admit that they set the plank so high at this first auction that subsequent organizers will have a hard time reaching for it.

[Kazakov] Is anybody already reaching for it?

[Cheshuyev] Yes, the next in line are the Gilya, Lara, and Moldova exchanges. We will gladly consider any proposals, but I have to warn: You may do it better than Moldprivatinvest, but not worse.

[Kazakov] Why then spread yourself thin? Let them conduct the auctions. Why not leave well enough alone?...

[Cheshuyev] I cannot. I am in principle against monopolies. An exclusive right to anything whatsoever begets exclusive interests, behavioral motives, and many other things. Everyone who goes into a business should have a chance.

[Kazakov] A rather slippery one, judging by what you say. You ask them to play a nocturne on the flute made of drain pipes, as Vladimir Vladimirovich [Mayakovsky] used to say.... There probably is good profit from such a zeal—is there not?

[Cheshuyev] Not too good. The money they put into doing this work could be "turned around" with much

greater effectiveness—which, I must tell you, they know how to do. No, they are not driven by profit. There are certain company interests that transcend mercenary motives. The company image, for instance; its rating.

[Kazakov] Let me ask you one more question. You said that in privatization you prefer trusts over other structures because they reflect most fully the interests of their principals, that is, the BND holders. Are there not other interests involved?

[Cheshuyev] There are other interests, too, and I have already mentioned them. Privatization through trust companies, in my opinion, will allow us to create a securities market in the shortest time possible, thus relieving the money supply pressure on the consumer market. I am not certain that there is a more effective way to stabilize the economic situation in the country.

Let us summarize the first results.

Legislative acts on privatization are far from perfect—there is no argument about that. There have been many comments on this topic, and there will be more. But what do we have today that is perfect? And do we have the right to expect laws passed in a hurry to be perfect? And can we afford not to hurry?

We have to admit that all these questions are rhetorical. It cannot be otherwise.

I personally like the position of the general director of the privatization department: In order to learn how to swim, you have to at least get into the water. You will take in a mouthful, sink perhaps, if you cannot avoid such a turn, but you will be learning how to swim. Let us not assume that a law is something cut in stone. The constitutions of most democratic countries contain many amendments—is this not evidence that they were not perfect originally?

First lots; first auctions; first joys and disappointments.... We will learn. And we will master it if we really want to.

Edict on Real Property Tax

944K0473A Moscow NEZAVISIMAYA MOLDOVA
in Russian 23 Nov 93 p 2

["Edict of the President of the Republic of Moldova: On Tax on Real Property"]

[Text] In connection with the critical situation in the republic's economy and the need for the creation of a financial base for the local organs of administration and in accordance with the Law of the Republic of Moldova "On Principles of the Tax System," I resolve:

1. To introduce as of 1 January 1994 a tax on real property.
2. That the tax on real property shall be levied:

for enterprises and organizations—on the value of fixed production and nonproduction capital, except for transport facilities;

for individuals—on the value of the buildings and structures they own.

The payers of the tax on real property shall be legal entities, irrespective of the type of ownership and form of management, and also individuals owning, possessing, or enjoying real property on the territory of the republic.

3. To establish the annual rate of the tax on real property:

for enterprises and organizations, on the value:

of fixed production and nonproduction capital, except for housing not used in entrepreneurial activity, at 1 percent;

of housing, except for that used for entrepreneurial purposes, at 0.05 percent;

for individuals, on the value:

of buildings and structures used in entrepreneurial activity, at 1 percent;

of buildings and structures not used for entrepreneurial purposes (accommodations and such), at 0.05 percent.

4. That the following shall be exempt from the tax on real property:

real property managed and used by establishments and organizations funded from the state budget, except in the instances of its use for entrepreneurial purposes;

civil defense properties;

real property of religious organizations intended for religious ceremonies;

real property owned by senior citizens, the handicapped groups I and II, and other disabled citizens and not used for entrepreneurial activity in the absence of able-bodied family members residing together with them.

5. That taxpayers shall independently calculate the annual amount of tax in accordance with the established procedure of determination of the value of the taxable property and the rate of tax and shall pay it within the following timeframe:

enterprises and organizations—quarterly, no later than the 20th of the month following the accounting quarter in the amount of one-fourth of the annual amount of tax;

individuals—in a lump sum on the basis of notice from the tax authority and within the timeframe established by the local government authorities.

6. That the tax payments on real property used in entrepreneurial activity shall be referred to expenditure on production (goods, jobs, services), and in respect to

property not used in entrepreneurial activity the taxpayers shall pay the tax from their own sources.

7. That the tax payments specified by this edict shall be entered in the local budget.

8. That the rights, obligations, and responsibility of the subjects of taxation and the tax authorities shall be established in accordance with the Law "On Principles of the Tax System."

9. That the government shall within a two-month period determine the procedure of computation of the value of the taxable property and the conditions regulating this procedure.

10. That this edict shall take effect the day it is signed.

[Signed] Mircea Snegur, president of the Republic of Moldova
Chisinau, 8 November 1993

Concerns of Ethnic Ukrainians Outlined

944K0473B Chisinau NEZAVISIMAYA MOLDOVA
in Russian 27 Nov 93 p 2

[Interview with M.N. Repchinskiy, deputy chairman of the Ukrainian Culture Society and chief editor of the newspaper PROSVITA, by Marina Bazhutina; place and date not given: " 'People Can Decide for Themselves'"]

[Text] Ukrainians are second in our republic in terms of size of population. Questions of the coming elections cannot, naturally, avoid them and they disturb them no less than others.

It was in this connection that a correspondent of NEZAVISIMAYA MOLDOVA met with Mikhail Nikolayevich Repchinskiy, deputy chairman of the Ukrainian Culture Society, chief editor of the newspaper PROSVITA and, naturally, citizen of the Republic of Moldova.

[Bazhutina] Mr. Repchinskiy, Moldova is preparing to elect a new parliament. Ukrainians, who constitute approximately 15 percent of the republic's electorate, are thus of considerable interest to the parties laying claim to power. But you will agree that the rich palette of political programs, with at times barely discernible differences between them, creates a certain difficulty for the ordinary voter: for whom to show preference. So for whom will Ukrainians vote?

[Repchinskiy] The society, as a small part of the body of Ukrainians of Moldova, has never claimed to reflect the common opinion of all its fellow countrymen. At the same time, on the other hand, we are citizens, and each of us has personal political predilections and reference points, which in individual instances are focused ideologically: some cleave to communist, some to democratic convictions. I am citing polar-opposite views, let us say, here.

Imposing on Ukrainians in advance some one political scheme common to all is simply unintelligent, therefore, for there is a considerable danger here that one could lapse into the sin of provoking a split in the community. And there are already sufficient splits in Moldova. We operate differently. We are familiarizing ourselves with the political programs of the various parties and conferring with their leaders, particularly on problems concerning a guarantee of economic and political liberties and the rights of the national minorities. In a word, conclusions and some advice for Ukrainians will be drawn only on the basis of a thorough study of all the "contestants" for parliamentary seats.

At the same time meetings with representatives of Ukrainians of individual enterprises and organizations show that preference in this milieu is being shown to the forces that are not in power. And this is explicable: The parties that are represented in parliament today are wittingly or unwittingly evoking people's dissatisfaction on account of the policy that led to last year's fratricidal war and the ineffective solution of the economic, language, and a multitude of other questions.

[Bazhutina] So what do Ukrainians expect of the future members of parliament?

[Repchinskiy] The answer needs to be sought in the range of problems which affect people's vital interests. Language, as a means of communication, cannot, for example, be allowed to become a means of pressure, even less political blackmail. A person cannot be afraid of losing his job merely because of ignorance of the language. Not to mention the enormous intellectual losses that could occur if we fail to find an intelligent solution that does not impinge on Ukrainians. These losses, as deplorable practice has shown, are of a moral and political nature which is hard to restore....

There is the ancient oriental saying: If you fall out, do so in such a way that you can make up tomorrow. How far our politicians have abided by this rule I leave you to judge. Different, fresh forces which sensitively catch the demands of the people and respond to them accordingly are needed today.

I shall use the following fact to illustrate this. There are, if I am not mistaken, approximately 40 Ukrainians in the present parliament. But with the very rare exception, Ukrainians themselves and their national and cultural problems have been of no interest to this group. Why is this? Because many of these deputies represented the interests not of Ukrainians but of yesterday's party-nomenklatura elite, which fed them and which they served faithful and true. It is not fortuitous that it is from there that charges against us of nationalism and "Bandera-ism" have most often been heard whenever we have raised the question of the development of Ukrainian culture in Moldova and the opening of our own national schools—a question, fortunately, their wishes notwithstanding, which has been supported by the president and the government.

As far as the political structures are concerned, only one party—the social democrats—has in recent years regularly maintained contacts with the Ukrainian Culture Society and adopted an understanding attitude toward Ukrainians' specific interests. All the others would like to see us either as a blindly credulous driven mass or some conglomerate blend of the non-Moldovan, so-called Russian-speaking population.

With regard for the current situation in the republic the social democrats, incidentally, were the first to speak about the need for guaranteed national representation in parliament. I agree that this is not the ideal solution either. Power should represent experience, knowledge, and intellectual potential multiplied by professionalism, regardless of the ethnic affiliation of its exponents. And someday, I believe, it will. But today's state of our democracy and the whole of society demands just such an approach. Disregarding this means disregarding the demands of reality itself. And it puts on the agenda such a question as Ukrainians being granted within the framework of national and cultural autonomy the rights of local government. This right should, incidentally, be guaranteed all.

Let the state deal with questions of defense and foreign policy and formulate the strategy of economic policy, but not distribute fuel by the liter and not indicate from Chisinau what to sow and when to harvest. People can decide for themselves not only these but also other problems which are beyond the capacity of the state. I, as one of millions of taxpayers, say, would like to know on what these funds are being spent and to administer some of them—at self-government level.

[Bazhutina] And the final question. How do you view the attempts to form an association of the "Russian-speaking" electorate?

[Repchinskiy] In the same way as I view any actual anti-Moldovan coalition. We have experience—and bitter, at that—of this. I believe that the fate of the state and its future need to be decided not by a counterpoise of the interests of different groups of the population but by comparing them and making them commensurate and, where possible, combining them. Ukrainians, like the Russians and Bulgarians, have their own, characteristic interests, and they can be resolved perfectly well without the creation of various "fronts," which would only cause doubts as to the sincerity of their creators' intentions.

Edict on Introduction of National Currency

944K0472A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 27 Nov 93 p 1

["Edict of the President of the Republic of Moldova on the Introduction of a National Currency in the Republic of Moldova," dated 24 November 1993]

[Text] With a view to ensuring the further implementation of economic reforms, the creation of [Moldova's] own monetary system, and in keeping with Article 113-7 of the Constitution of the Republic of Moldova, I decree:

1. A national currency, the leu (Moldovan), which equals 100 bani, shall be introduced in the Republic of Moldova effective 29 November 1993.

Currency put into circulation by the State Bank of the USSR and the Central Bank of the Russian Federation in 1961 through 1992, with the nominal value of 1, 3, 5, 10, 25, 50, and 100 rubles, coupons issued by the National Bank of Moldova, with the nominal value of 50, 200, 1,000, 5,000 and "5 lei" (equal to 5,000 coupons), as well as metal coins minted by the USSR State Bank during the same period, shall be exchanged into lei in keeping with the present edict.

All cash and noncash monetary funds circulating in the Republic of Moldova, including deposits of the population, shall be exchanged until 1800 hours on 2 December, at the exchange rate whereby one leu equals 1,000 coupons (rubles).

Effective 1800 hours on 2 December 1993, the leu (Moldovan) shall be the sole legal tender in the territory of the Republic of Moldova.

2. The Monetary Reform Committee which has been established by edict of the president of the Republic of Moldova No. 243, dated 9 December 1992, shall:

set forth the mechanism for implementing the monetary reform;

envison procedures for defraying expenses associated with the conduct of the monetary reform;

continuously monitor the money supply and the financial situation of the state, as well as take measures to regulate them during the period of implementation of the monetary reform;

establish a procedure for exchanging coupons of the National Bank of Moldova (rubles) into lei (Moldovan);

resolve the issues of determining the value of negotiable instruments, public debt, securities, and interest in leu terms;

resolve the issue of changing the price scale;

envison measures to support, stabilize, and reinforce the national currency;

take other measures necessary to conduct the monetary reform.

3. Decrees of the Monetary Reform Committee shall be binding in the entire territory of the republic.

4. Organs of local self-government, banking establishments, and enterprises, regardless of the form of ownership, shall ensure strict compliance with the decrees of the Monetary Reform Committee.

5. The present edict shall take effect on the day of signing.

[Signed] Mircea Snegur, president of the Republic of Moldova
City of Chisinau, 24 November 1993

Decree on Introduction of National Currency

944K0472B Chisinau NEZAVISIMAYA MOLDOVA
in Russian 27 Nov 93 p 1

["Decree No. 1 of the Monetary Reform Committee on the Introduction of a National Currency in the Republic of Moldova"]

[Text] In keeping with the Law of the Republic of Moldova on Money, dated 15 December 1992, and Edicts of the President of Moldova No. 243, dated 9 December 1992, "On Establishing the Monetary Reform Committee," and No. 200, dated 24 November 1993, "On the Introduction of the National Currency in the Republic of Moldova," the Monetary Reform Committee

Resolves:

1. A national currency, the leu, shall be introduced into circulation in the Republic of Moldova at 1600 hours on 29 November 1993. One leu equals 100 bani.

Currency put into circulation by the State Bank of the USSR and the Central Bank of the Russian Federation in 1961 through 1992, with the nominal value of 1, 3, 5, 10, 25, 50, and 100 rubles, coupons issued by the National Bank of Moldova, with the nominal value of 50, 200, 1,000, 5,000 and "5 lei" (equal to 5,000 coupons), as well as metal coins minted by the USSR State Bank during the same period, shall be exchanged into lei in keeping with the present decree.

2. All cash and noncash monetary funds circulating in the Republic of Moldova, including deposits of the population, shall be exchanged until 1800 hours on 2 December, at the exchange rate whereby one leu equals 1,000 coupons (rubles).

3. Monetary credit obligations and other claims that are legally valid in the Republic of Moldova as of 29 November 1993 shall be converted into lei until 2 December 1993, inclusive. Settlements on existing obligations and the satisfaction of other claims shall be effected from 16 December 1993 on.

4. Citizens (residents) of the Republic of Moldova may exchange cash once, into lei, at the exchange rate established in point 2 of the present decree during the period between 29 November and 2 December 1993, inclusive. Cash in amounts of up to 70,000 coupons (rubles), inclusive, per individual shall be exchanged into lei at the relevant exchange centers; cash in excess of these amounts shall be deposited in special accounts at the banking establishments of the Republic of Moldova and may be received by depositors, in keeping with their wishes, beginning on 6 December 1993. If these funds are left dormant until 1 July 1994, income shall be paid

to depositors for this period based on the average interest rate of commercial banks at the location of the opening the account.

The fact of effecting exchange shall be registered for the citizens of the Republic of Moldova in their passports, or documents in lieu of passports, by way of the entry "exchange performed" with a signature certified with the seal of the establishment performing the exchange.

For the legal entities of the Republic of Moldova, the exchange of coupons (rubles) into the national currency shall be performed in keeping with instructions from the National Bank of Moldova.

5. During the period of exchange, the parallel use of the currency being withdrawn and the national currency being put into circulation shall be allowed only for trade in foodstuffs at stores of the state and cooperative trade sectors, regardless of their departmental affiliation, and in paying for medicines and services of public transit. The rest of the goods shall be sold for lei.

Effective 1800 hours on 2 December 1993, the leu shall become the sole legal tender in the territory of the Republic of Moldova.

6. Cash shall be exchanged for employees (students of higher and secondary educational establishments, servicemen) at the place of main employment (study, service).

Nonworking retirees shall exchange the currency being withdrawn into the national currency at the branches of the Savings Bank of Moldova or branches of the Posta Moldovei state enterprise at the location of the receipt of retirement benefits (allowances).

Exchange shall be performed for nonresident foreign citizens and stateless persons by banking establishments upon the production of customs declarations and receipts for the exchange of currency.

Exchange shall be performed for other individuals who do not fall into the categories enumerated above by commissions of the organs of local self-government.

Procedures for the exchange shall be regulated by the Instruction of the National Bank Moldova on Procedures for the Exchange of Currency Being Withdrawn Into the National Currency of the Republic of Moldova for Residents and Nonresidents.

7. All state, cooperative, public, and other enterprises and establishments, regardless of the form of ownership, must document the presence of the currency being withdrawn in their cash stocks as of 29 November 1993, and turn the currency in to the bank establishments serving them to be credited to current or settlement accounts.

8. The exchange and conversion of monetary funds, in keeping with points 1 and 3 of the present decree, shall be effected by banks and other establishments that have been authorized by the National Bank of Moldova to perform relevant operations. Beginning on 26 November

1993 and for the duration of the period of exchange and conversion, said banks and other establishments may discontinue the conduct of all operations for clients, with the exception of exchange operations.

Offices of the Posta Moldovei state enterprise shall discontinue operations with coupons (rubles), with the exception of exchange operations, effective 26 November 1993.

9. Organs of local self-government, banking establishments, and enterprises, regardless of the form of ownership, shall ensure strict compliance with the present decree.

10. Organs of state power, law enforcement organs, the finance, tax, and customs services of the Republic of Moldova, as well as the National Bank of Moldova, shall ensure the monitoring of compliance with the present decree.

11. With a view to stabilizing monetary circulation and reinforcing the national currency, all enterprises, organizations, and establishments, regardless of the form of ownership, must strictly comply with the provisions of the Edict of the President of the republic of Moldova No. 105, dated 30 April 1992, "On Urgent Measures To Normalize Cash Circulation in the Republic of Moldova," and Decree of the Republic of Moldova Government No. 764, dated 25 November 1992, "On the Confirmation of the Rules for Performing Cash Operations in the National Economy of the Republic of Moldova."

The Ministry of Justice, the Ministry of the Economy, and the Ministry of Finance, jointly with National Bank of Moldova, shall prepare, within two days, proposals for economic sanctions for a failure to comply with these provisions.

12. With a view to supporting the national currency, the free access of the leu and freely convertible currencies to the process of privatization, along with national assets certificates, shall be provided, subject to subsequent confirmation by the Parliament of the Republic of Moldova.

13. This present decree shall be enacted at 1600 hours on 29 November 1993.

[Signed] Chairman of the Committee, Prime Minister of the Republic of Moldova Andrei Sangheli

Decree on Price Conversions

944K0472C Chisinau NEZAVISIMAYA MOLDOVA
in Russian 27 Nov 93 p 1

["Decree No. 2 of the Monetary Reform Committee on Changing the Scale of Prices"]

[Text] The Monetary Reform Committee resolves:

1. In conjunction with the introduction of a national currency, the balances of finished products, raw materials, merchandise-material, and other assets of enterprises and organizations with all forms of ownership

shall be inventoried as of 29 November 1993, and their prices shall be converted at the rate of 1 leu = 1,000 coupons (rubles).

2. Enterprises and organizations with all forms of ownership shall be obligated to use rounding as follows in converting the sale prices of goods: The fractional component of less than 0.5 bani shall be omitted, and that of 0.5 bani or more shall be rounded up to 1 ban. In the process, the unit of sale (the amount of goods sold) shall be changed in the case of goods whose prices after conversion become less than 0.5 bani, so as to arrive at a price in whole bani.

3. Differences due to conversion shall be attributed to the results of economic operations.

4. Enterprises of the Ministry of Information Science, Information, and Communications and the Ministry of Municipal Services and Housing shall be granted the right to provide communication and municipal services to clients at rates converted with accuracy of up to 0.1 bani. The amounts of payments for the services provided shall be rounded through procedures envisioned in the present decree.

5. Local self-government organs, law enforcement organs, and control organs shall be charged with monitoring compliance with the present decree, the correctness of recalculations, and adherence to a temporary price freeze.

[Signed] Chairman of the Committee, Prime Minister of the Republic of Moldova Andrei Sangheli
City of Chisinau, 24 November 1993

ESTONIA

Russian Community Head on Problems Facing Russian-Speakers

944K0486A Moscow PRAVDA in Russian 15 Dec 93 p 5

[Interview with civil rights advocate Aleksey Zybin by correspondent Lembit Annus; Tallinn; date not given: "Converse With a Duster, in Estonian. Instructions to Russian Cleaners"]

[Text] Tallinn—Aleksey Zybin is a communications engineer and hereditary citizen of the Republic of Estonia. He is well known with us as a prominent figure of the Russian civil rights movement. He was a member of the last Supreme Soviet of Estonia. Residents of Tallinn recently elected him to the city assembly, where he is head of the faction of deputies of the Russian Revel slate. He is interviewed by Lembit Annus, our own correspondent in the Republic of Estonia.

[Annus] Aleksey Alekseyevich, what brought about the need for the creation of the Russian community of Estonia?

[Zybin] The purpose of our organization was the preservation and development of Russian spirituality, cultural distinctiveness, and national-historical memory. It emerged as the Russian people's response to the challenge of the times. Our organization is the youngest in the republic, incidentally. Its "chronology" dates from 17 April of this year. At that time 500 delegates of the Russian Assembly adopted in Tallinn a decision on the formation of a Russian community, elected its duma and approved a program and bylaws. But we are not a Russian political party, merely a civil rights organization of Russian people. Russians, the bulk of whom do not have Estonian citizenship, do not, according to the Constitution, have the right to form political parties. They availed themselves, therefore, of the opportunity to create a social and cultural organization. Unfortunately, the government has still not made up its mind to register our community, and the president, to invite its representatives to the roundtable discussing the problems of Russians in Estonia.

Of course, it would be flagrant deception to declare that the community unites in a single organization all 600,000 non-Estonians. But no one can any longer deny the fact that it is the mass of Russians that constitutes the social base of our organization. And this means that the future in the republic is on the side of the community.

There is in Estonia today no other organization like ours, whose principal goal is the creation of an integral practicable and effective system of moral, spiritual, and material mutual assistance for all members of its community. It is perfectly explicable, therefore, that it is gaining ever-increasing support from Russians living in Estonia.

[Annus] You refer also, most likely, to the results of the October elections to the local government assemblies?

[Zybin] Quite right. Surely it is a success when 10 deputies were elected to the Tallinn City Assembly on the Russian Revel slate. This was possible because the community was able to get the better of those who had fervently urged a boycott of the local elections. On account of the boycott, not a single Russian deputy was elected to the city council in many constituencies at that time. And the Russians themselves were the losers because of this. For this reason the people supported us this time. Approximately 20,000 Tallinn residents voted at the elections this time for the Russian deputies of our slate. Mainly from the most unprotected part of the population. And we ourselves are today the poorest faction of deputies in the Tallinn City Assembly. For example, the Russian community spent on the entire campaign only 3,300 Estonian krona. Six hundred krona went on a one-time lease of the Russian Cultural Center in Tallinn alone. Simple arithmetic shows that each of our deputy's mandates "costs" 330 krona. No other faction of deputies in the Tallinn City Assembly has such "cheap" seats, incidentally. I mention this not from pride but from pain. Poor Russian deputies will today have to defend their equally poor electorate. It is counting on us and firmly believes that we will be able if only in some respects to alleviate its life in our cruel times.

[Annus] Aleksey Alekseyevich, what is your attitude toward the assertion of Lennart Meri, president of Estonia, who in his recent interview with the journal DER SPIEGEL said that Estonia is treating "the minority better than Germany is treating the Turks"?

[Zybin] I do not know how Germany treats the Turks, but that there is everywhere in Estonia bad treatment of Russians I, as a Russian, have experienced for myself repeatedly. And the language, citizenship, and foreigners laws show this better than a thousand words. So various political statements in the press are one thing; the policy being pursued currently by the ruling national-radical forces is quite another. It is for this reason that the Russian community is endeavoring to help our people in today's Estonia.

[Annus] You have touched on the most painful problem of the life of Russians in Estonia today—the question of the official language. What do you think—do Russians need to know Estonian?

[Zybin] Everyone should unequivocally know Estonian. It is bad merely that Estonian is being pinned on Russians forcibly, with a stick. What is to be gained today, pray, from the whole of Narva today learning Estonian by rote? There is no one in everyday life to talk to in Estonian. I simply cannot understand either why knowledge of Estonian is now an obligatory requirement of a cleaner, even. What, will she converse in the official language with a duster? It is surely more important that the floor be washed clean.

Why does not Estonia take the Finnish route? Recognize as the official languages both Estonian and Russian. At least all the tension in our society would then be lifted. In other words, the Hippocratic precept: "Do no harm," should be introduced immediately in Estonian language policy.

[Annus] Imagine for a moment that you are president of Estonia. What would you do in your new capacity first and foremost?

[Zybin] I would first of all adopt all measures to achieve an end to the inter-nation hostility at the everyday level. To ensure that Estonians see in the Russians living in the republic the same kind of people as themselves. Not their enemies, who must necessarily be gotten rid of.

Second, I would make every effort and use all my presidential possibilities to ensure that Estonian industry once again begin to operate at full power and that the countryside be revitalized. I would necessarily erect legislative barriers in the way of the conversion of tiny Estonia into a dumping ground for unserviceable overseas products and all kinds of industrial trash. In other words, I would create for all Estonian landmen normal conditions for earning some money for a decent human life. Without normal production, the state cannot exist. There can otherwise be no question of independence.

And, third, I would come to an arrangement with the president of Russia concerning the civilized admittance of the Russian people who have declared a desire to move to their primordial homeland. You cannot live your whole life nursing a grievance. No good will come of this, and civil peace and harmony in Estonia even less.

Savisaar Recounts Five Past Years of Popular Front

944K0386A Tallinn RAHVA HAAL in Estonian
23 Nov 93 p 2; 24 Nov 93 p 2

[Article by Edgar Savisaar: "Five Years of Estonia's People's Front"]

[23 Nov 93 p 2]

[Text]

Estonia's People's Front wrapped up its activity on November 13, 1993. The five-year old popular movement had done its job. In connection with this, it would be appropriate to recall what the People's Front has accomplished.

Let's recall that in 1988 Estonia was faced with a situation where it needed to make itself visible to the world, and to let the world know that we existed. We knew that the world will take seriously only those who do exist, who have to be reckoned with, and those with whom one needs to enter a dialogue.

We had to create alternative structures, through which to mobilize the multitudes, reorient the awareness of the

people, and select new leaders. This had to be done in such a democratic fashion that would not arouse protest against us elsewhere but, instead, earn us the support of world public opinion. We realized that supporting a popular movement that had already earned the support of world public opinion would be too difficult to avoid even by the pragmatic politicians of the West.

The goal was to bring Estonia into big-time politics. This could have been accomplished in only two ways: By expressing the will of the state or of the people. We did not have a state yet. Among the people, however, 1988 saw the unleashing of processes that the whole democratic world had to reckon with. One could say that we involved the world in Estonia's cause, by signaling that what was happening in Estonia was bound to have an impact on world politics.

This is how the People's Front was born, ushering in the era of movements in Estonia. It was a time of emphatic denial of what existed, and an absolute majority was in agreement on that. A situation emerged where everyone knew what they did not want for the present time. What they wanted for the future, however, and what kind of a positive program to follow, had not been sorted out between the different groupings. Only some vague and relatively general ideas existed.

The emergence of large popular movements was not only characteristic of Estonia, or the Baltic states, for that matter. The popular movements became the moving force that managed to break up the Soviet empire throughout the entire territory of the former Soviet Union and its socialist satellite states in Central Europe. Sociologists have recorded as many as 70 oppositional mass movements over the former Soviet territory and Central Europe.

Estonia's People's Front had close ties with popular movements in Central Europe, although our delegation was not admitted to the German Democratic Republic, for example. That's how dangerous it thought to be. One could also recall the greeting received from the 'official' Popular Front of Czechoslovakia to the First Congress of Estonia's People's Front. It was very conservative, if not stagnationist. I think there were things at that time that the Czechs could have learned from Estonia's People's Front. We sent telegrams to Czechoslovakia demanding that Vaclav Havel be freed, we protested against the dictatorial regime in Romania, etc.

It should be admitted that the goals of popular movements taking place in Central Europe were, in a sense, more restricted, compared to those of Estonia. In East Germany, the goal of the popular movement was to demolish the Berlin Wall and, when that was done, disperse, without any clear formation. In Czechoslovakia, the Citizens' Forum set itself the task of getting rid of the Husak regime installed by Brezhnev. In Poland, the mission had a wider range, including the protection of economic interests, and basic spiritual values (derived from Catholicism) of the people.

By far the mightiest of Central European popular movements was Poland's Solidarity. This name was chosen very carefully, as the existing regime was based on lack of solidarity between people. People were separated from each other and made dependent on the state. There was no sense of rubbing elbows or, even if there was any, it was subordinated to loyalty toward the state. The Central European popular movements juxtaposed loyalty to solidarity.

All Central European movements were largely anti-Soviet (attempting not to copy the Soviet Union, demanding that Russian troops be removed etc.). They were ahead of us on economic and national issues. In the economic sector, this was due to the realization, after numerous attempts at restructuring the economy, that partial reforms were leading nowhere.

The nationality issue did not have a high priority for Central European movements, and that for two reasons. First, there was no threat to national identity in these countries. There was practically no immigration, only emigration. Secondly, nationality had been made a legitimate part of the 70-year old Communist regime in Poland, Romania and some other countries, even though this was not emphasized.

In contrast to the Central European countries, nationality was vital to us because, through it, we compensated for the lack of all other structures (our own state included). Besides, our old administration was clearly anti-nationalist and its goal was to suppress nationalism. This is why nationality became one of the key issues of our popular movements.

By now, the popular movements of Central Europe have run their course, their goals have been met. The Communist satellite states have become independent states, with a developed civilian society. I think one of the reasons why the popular movements fell apart there was that the classical Western-European system of parties took hold rapidly. Locally initiated and in many ways amorphous popular movements were no match to the professional party machinery imported from the West, often at high cost. The intellectual elite, sustaining the popular movements, burned out fast.

The popular movement was, after all, a movement for the intellectuals that was, at one point, joined by the people. It was this cerebral component that became both the strength and the weakness of the movement. Intellectuals, with their high self-esteem, have always been a poorly organized segment of a society, where everyone demands a right to one's individual conscience, and where there is no political guile, or arrogance.

A popular movement is organized out of a sense of mission, a party is formulated with the idea of seizing power. A movement is headed by the intellectual elite of the nation, the parties are headed by professional politicians, often backed by a power-hungry mediocrity.

The significance of People's Front, and the Baltic popular movements in general, was that they revealed the presence of massive opposition. A format was created that helped the opposition to organize and people to stick together, without running into direct conflict with the powers that be. It was essentially through the popular movement that opposition seeped into the society, itself striking a balance between legal and illegal.

Secondly, with the advent of People's Front, new, public ground was broken in the society for sprouting other movements, groupings and factions. Up to that point, the regime had been based largely on fear. Thanks to the popular movements, people lost their fear of authority. It was that overcoming of fear that made it possible to break the Communist monopoly on power, to organize the first democratic elections in 1990, where the candidates of People's Front received the greatest number of votes.

Thirdly, processes (IME [economic] project, disclosure of MRP [Molotov-Ribbentrop Pact] secret protocols, etc.) were initiated, without which the Baltic quest for independence would have remained incomprehensible, or seemed illegal, perhaps, even after the August coup of 1991. It was in this struggle that the general requirements for independence were met, forcing the Moscow regime to make some very clear choices after the August coup.

Fourth, an example was given, along with some help, for starting other mass movements elsewhere in the Soviet Union. I am sure that people in different parts of the empire still recall the myths circulating about the emissaries of People's Front, who were feared, and had to be warned against. The activity of the Baltic popular movements made life for central authorities even more difficult, and thus increased the pressure bearing on them.

Fifth, the popular movements in the Baltic countries served as a conduit of sorts between Moscow and Central Europe. Although this topic warrants a separate study, one can say with confidence that many new ideas and attitudes found their way across the Baltic countries. We had our share in helping the definitely democratic ideas of perestroika get to Central Europe, and reform experiences from there to get back to Russia. We showed to the West that the Soviet Union was not the monolithic monster it seemed to be from far away.

[24 Nov 93 p 2]

[Text]

The Fifth Congress of People's Front became the congress to end the movement. It generated a hankering for the unity and ideals of the past among one-time activists of People's Front, as they asked: Has the time really come?

The principal goal of People's Front has undoubtedly been achieved—Estonia is a free state. At the same time, we cannot really say that Estonia has a civilized society, and a political system consisting of strong, democratic parties. To the contrary, development toward a civilized

society seems to be thwarted. The parties are getting weaker, not stronger. More and more political decisions are being made outside the control of the public. We do not have a normal political life yet.

In my opinion, the political development experienced so far, could be divided into three stages: The first of these was dominated by the politics of People's Front; the second by fictional party lines and simulation politics; and the third, which we are entering now, is ruled by unabashed money politics. This is the corporate period that signifies the lack of a public political life.

The task of developing a civilized society is far from completed but, then again, completing this process would be outside the ken of the People's Front. This is because social stratification in Estonia (differentiation of wealth etc.) is taking place faster than the development of a civilized society. The Estonian society is no longer a swarm of bees. Five years ago, we were together, indeed, and could sense the movement of each other's wings. Now, the society has separated itself, groups have formed whose interests collide or are at odds with each other, hence **what we have here and now is no longer the era of People's Front.**

A popular movement can be effective and successful only as long as no significant stratification has occurred within the society, and as long as everybody is more or less poor, or making do on a modest scale. Once problems arise between owners and renters, employers and employees and other social groupings, the massive popular movements will no longer hold together. As more and more strength and energy is spent on settling internal conflicts, it will no longer be possible to maintain a coordinated policy. The policy of the popular movement becomes more vague and loses its attraction.

The present condition of our society is also not conducive to maintaining People's Front because **people lack the two necessary resources for participating in politics: They no longer have the time or the money to spare.** To that are added political alienation and general fatigue.

What next? It is not quite clear yet if our parties are an integral part of the universal structure of society, or merely a historical phenomenon we want to impose on our politics, in an effort to imitate the democratic countries. The parties of Western Europe were formed under circumstances that were different from what we have now. I think that in a society of mass consumption, the mentality of people is different, as are the ways in which the society is organized, and this is what makes a rapid process of forming classical parties unthinkable in Estonia. Right now, what we do is more of an imitation of political activity by means of parties, than the real thing.

For our future political development, I can see three options. **The first of them** would preserve the political ambiguity for a long time, leaving everything up in the air, which is very similar to what happened in the 1920's. It will be like one Liviko scandal after another, with no end in sight.

By the way, the current scandal of purchasing weapons from Israel is very similar to the affair of selling ships to Peru during the first Republic of Estonia. Back then, the ships were sold at an exceptionally low price. Now, the weapons were purchased at an exceptionally high price. One could presume that then, as now, someone pocketed the difference. By the year of 1934, the earlier of these events had led to a dictatorship of corporations under the leadership of 'Isamaaliit' [Fatherland Alliance].

The second option would be to restructure the party system to match the emerging interest groups. By now, only three interest groups have organized themselves in our society: Lawful owners, farmers and, to some extent, pensioners. Yet to be organized are new owners, leaseholders, wage earners, renters and many other groups of people with common interests. The development of interest groups and their awareness is also hampered by the fact that there is no group solidarity. Those who make it, become haughty and separate themselves from others. It seems, however, that this is a passing phenomenon of property-based capitalism.

I am afraid that most of today's parties lack the internal strength to renew themselves or to join with other parties. The first to wither will be those who do not have a clear long-term orientation to understand on whose behalf, and for whose benefit they function. They will be replaced by new political forces, who have a clearly established policy and a long-term socio-political orientation. Estonia's political landscape will be covered fully by three or four major parties that will eventually dominate.

The third option covers factions that are not capable of developing into independent entities of political activity, and will rely on clans. The parties will be preserved in form only, while the actual decisions are made by the clan, who will command a sizeable portion of the society. To oppose that, sooner or later, **a new democratic movement will emerge within Estonia's society.** The way I see it, it will be neither leftist or rightist. It is more likely to be a general democratic movement, carried primarily by small property owners and less affluent groups who, because of lack of property, cannot have their say in the society otherwise. **This would be a classic case of an anti-monopoly movement, demanding an effective anti-monopoly law, reorganization of banking, and funding to support private enterprise.**

These are only some of the possibilities for political development. At any rate, ending the activity of People's Front, does not end political activity in Estonia.

I would like to thank all these thousands of people who, for the past five years, have been with People's Front and supported it who—in fact—were the People's Front. To thank them for being the first to overcome fear in 1988. Only in retrospect does everything People's Front did back then seem so simple and so self-evident. But I am sure there were also those who preferred to bide in the bushes. But the bravest, the most enterprising and the most self-confident of them did join People's Front.

To be involved in People's Front often meant putting aside one's own personal affairs. The only ones capable of doing that were those who saw the potential, who were not only thinking of themselves, but those who also thought of the fate of their fellow members and the whole society.

I fully understand that many of them now feel that their job is done and that they are no longer needed. It is also a feeling of disappointment, in a way, because the subsequent course of events was always pictured a little differently than what we see now. But I think our job is far from being done. Five years ago, we had idealistic individuals joining the People's Front and these are the very same people who will now stand up to all kinds of clans and profiteers.

There is no reason to think that the experience of People's Front will not be needed in the future. To the contrary. Looking at the latest EMOR surveys, one can see that People's Front enjoyed the most stable base of supporters within the Estonian society. Those who chose People's Front a year ago remember that, and would probably choose People's Front again today. People's Front had the most cohesive membership in Estonia's society and, even if someone did drop out on occasion, new strength would come from somewhere else.

Completely new groupings are being formed. Recently, I got word from Pärnu that an organization has been formed there for the protection of renters. Such things are encouraging and show that specific interest groups are beginning to make their mark. And thus, the politics trying to represent them, will also be more successful.

For the time being, the public does not yet know the individuals who will be heading the organizations for renters and rental agents, employers and employees, owners and lease-holders, and those dealing with consumer protection. The leaders who emerged during the 'singing revolution' are much better known. However, this situation is going to change very rapidly—**new times and new problems will bring along new people** to solve these problems.

The People's Front has run its course, and closing it down on November 13 was the most natural thing to do. Every party will come to an end, eventually. And the period of People's Front in Estonia was a party—the party of political liberation. Liberation is always a party in the souls of people!

Parek's Forced Resignation Traced to Crime Wave

944K0424C Stockholm DAGENS NYHETER
in Swedish 30 Nov 93 p 12

[Article by Mert Kubu: "Firefight in Central Tallinn"]

[Text] Estonian Interior Minister Lagle Parek was forced to resign Sunday [28 November] due to her lack of success in the fight against organized crime.

However the drop that made the cup run over was a firefight in central Tallinn during the middle of the day.

Mrs. Parek's special force, K Command, which consists of policemen who always appear in black masks, launched a formidable attack last week. On Friday at 1400 hours they lay in wait on Pärnu Street, right next to a hospital. The aim was to seize Major Asso Kommer, chief of the notorious disbanded Estonian commando company. He came along the street accompanied by his three bodyguards.

When the police in the black masks stormed across the street they were met by shots from automatic weapons. Long salvos were fired by both sides and passersby had to fling themselves headlong to the ground, according to eyewitnesses. Two police officers were badly wounded. At first Kommer and his gang managed to escape. Later they were seized and mistreated during the arrest. It was a miracle that no innocent bystanders were killed or wounded, eyewitnesses say.

K Command's ambush was regarded as so foolhardy that Parek was forced to resign. Prime Minister Mart Laar is now also acting as interior minister until a new minister is appointed.

Parek was one of four candidates in last year's presidential election. She was also one of the last political prisoners in Estonia. In the past Parek urged Estonian citizens to obtain licenses for firearms and arm themselves. It is now a big problem in Estonia that many people are running around with firearms in their pockets, most of them illegal.

After some 50 car bombings this year alone and a great many corpses in the Mafia wars, citizens are now anxious and want the government to take strong steps.

'94 State Budget Gets Third Reading

944K0515B Tallinn ARIPAEV in Estonian No 142,
15 Dec 93 p 3

[Article by Karmo Kaas: "Budget Approval Likely"]

[Text]

The bill of the 1994 State Budget Law should come up for its third reading at today's session of Riigikogu [Estonia's parliament], and is likely to be passed, according to Heido Vitsur, deputy chairman of the budget committee.

The total amount of the budget is roughly 5.8 billion kroons. Of the proceeds projected, 2.26 billion kroons are due from sales tax, and 2.1 billion kroons from income tax. Major allocations out of the state budget for the coming year are 1.16 billion to the Ministry of Culture and Education, 994.4 million to the Social Services Ministry, 600.7 million to the Ministry of Transportation and Communications, and 558 million kroons to the Ministry of the Interior. The Credit Fund for Agriculture and Rural Development is allocated 81 million kroons in the budget bill.

Before the third reading of the budget bill, Viik said, the budget committee approved the proposal for amendments increasing the allocation for salaries of cultural employees by 6 million kroons, and the allocation to finance educational employment by 30 million kroons. Previously, these amounts had come out of local budgets. No decision was made on the total of additional social security funding for child support, but the amount for this is expected to range between 50 and 100 million kroons. In the future, the state budget will also have to cover social security payments to compensate for health damages.

Vitsur said that the budget bill is based on the new Income Tax Law, resulting in an increase in proceeds, compared to earlier estimates. Most of the increase in proceeds, however, is due to the overall increase in the volume of business. The new Income Tax Law also reduced the sponsorship deductions for enterprises. The previously allowed partial tax exemption to encourage investment was replaced by accelerated depreciation.

Makers of Economic Policy Join Forces

944K0516A Tallinn ARIPA EV in Estonian No 144,
20 Dec 93 p 7

[Article by Tomi Saluveer: "Estonia's Economic Policy Makers Unite"]

[Text]

The Economic Ministry accepted the proposal on enhancing the competitive ability of business ventures formed around the Chamber of Commerce and Industry, with specialists at the ministry expected to participate in the program.

"Cooperation between the domestic and national programs of developing economic policy has started to grow rapidly," said Karl Arusoo, economic advisor at the Chamber of Commerce and Industry.

While the Economic Ministry concentrates on charting the development of macro-economics, the goal of the program created at the Chamber of Commerce and Industry is to help with the development of business in a more limited context, Arusoo said.

Peeter Tohver, deputy chancellor at the Economic Ministry, said that the ministry's work group on economic policy cooperates with all groupings, institutions and organizations involved in this area.

The macro policy-makers at the Economic Ministry do not identify themselves as a specific grouping, institute or scientific body but try, on their own, to stimulate activity toward economic development.

"We want to see a social need emerge for developing economic policy," Tohver added. "The current program to enhance the ability to compete is quite extensive, indeed, but it is hard to determine just what it entails."

The proposal for enhancing the ability to compete is designed to solve problems for the clientele of the Estonian Chamber of Commerce and Industry, EVEA [Estonian Small Business Association], REEL [Alliance of State Enterprise Managers], and the Central Alliance of Industry. The proposal was signed by 17 institutions.

State Support Necessary

"Current research indicates that businesses do not perceive any governmental support to their activity," Arusoo said. "The program for enhancing the ability to compete is designed to help solve the problems of many of the businesses."

To date, according to Arusoo, support systems have been created to implement the program. The plans of action, projected dates of completion and a listing of necessary resources for the program have also been submitted to the Economic Ministry recently.

The businesses, he added, are at this time concerned primarily with problems related to training, financing, credit and legislation.

The moving force behind the proposal for enhancing the ability to compete is a group of senior experts, representing expertise in production, privatization, industry, export, standards and design. The two supporting beams of the proposal are the development of a credit system for business enterprises, and the creation of a training system.

Up until now, Arusoo said, Estonia lacks a comprehensive system for economic education, the development of which should be started through business advice centers in the districts.

"Economic education should be a continuous process, not training by injection," he added. "Enhancing the ability to compete should start with changing the entrepreneurs' way of thinking and with training programs."

Estonia Becomes Middleman For East-West Arms Trade

944K0515A Tallinn ARIPA EV in Estonian No 143,
17 Dec 93 pp 12-13

[Unattributed article: "Estonia Is Go-Between For Weapons To Russian Mafia"]

[Text]

Estonia is about to find its niche in the world trade of weapons. If not daily, at least once a week another shipment of weapons from Europe or the United States arrives at the customs office. This is the official weapons trade, in addition to which there is also secret trading in weapons that is not visible to the state.

Reliable sources indicate that there is at least one secret weapons route going through Estonia, which provides the Russian Mafia with weapons. This is how the system works.

Some Estonian, on a business trip to the West, acquires a quantity of weapons from some weapons plant. These are usually purchased. Theft, especially in larger quantities, is not feasible.

The crossing of the state border(s) can be accomplished in a number of ways. These include the use of expertly forged documents, hiding the weapons among those covered by permits, declaring them under a different product heading, or paying off the customs and the border guard.

Once the weapons arrive in Estonia, they are turned over to a go-between, who knows only the person he is dealing with. Payment is made in advance and, most of the time, the buyer is also known, as orders for weapons are often placed in advance. Depending on the time of placing the order, delivery can take anywhere from one to three weeks.

The go-between will not hold on to the weapons for long, he will also not take them home without a compelling reason. The buyer is chosen carefully, he must be recommended by someone. On the average, the dealer makes 500 kroons on the sale of one weapon, with individual variations, of course.

Secret weapons are not cheaper than those sold in the stores. Instead, they are bound to be more expensive. Payment is in cash or U.S. dollars, Estonian buyers can also pay in kroons. To maintain secrecy, the transaction takes place in public. The seller calls the buyer, saying that he has something of interest to him, and arranges a meeting at a public place. The merchandise is wrapped up to look as shabby and as inconspicuous as possible.

Russian Weapons Going Back To Russia

Along with Western weapons coming into Estonia, comes the production of Russian weapon factories, mostly TT's and Makarov pistols. The weapons have clearly been stolen because, in Russia, this kind of merchandise is expensive and hard to come by. Strangely enough, the weapons brought in to Estonia are so cheap, that they reach a realistic sales price only after changing hands a few times. These are the weapons preferred by the Russian Mafia, in whose hands they travel back to the country of their origin.

A smaller portion of weapons remains in Estonia. It is entirely possible to register them officially later, at a weapons store, for example, where they were 'left' on consignment. It is also possible to keep the unregistered weapon at home where, in case of getting caught, one can always say it belongs to some long-lost relative, dates back to wartime, or was found a long time ago.

Forging a permit is not that difficult either. To this day, permits are printed on a conservative yellowish cardboard, with no security features. As it stands, no forgery complaints have reached the permit and license department of the Bureau of Field Police.

The scope of underground weapons sales is suggested by one go-between who, during his year-and-a-half stay in the chain, said he handled the sale of some 500 weapons. He was selling mostly Russian weapons to the Russian Mafia, but he also bought and sold explosives, plastic bombs and chemical weapons. Among the weapons from the West, there were many Beretta and Smith & Wesson copies, coming from Brazil and Germany.

No Point Engaging In Black Market

Weapon dealers in Tallinn admit that there is no point engaging in illegal weapons sales, because weapons shipments crossing the border are checked out very carefully by customs and the police. Weapons shops are also checked frequently and without warning, according to inspector Sofia Trishkin of the Tallinn Field Police. "Both weapons and ammunition must be entered in the registry, where everything is kept by date, brand of weapon and quantity," Trishkin explained. "The book also has columns for sales, where the permit number of the buyer is entered, along with the expiration date, source document for identification, and address." Trishkin had not come across any deliberate shady dealings, all errors were made out of carelessness or ignorance.

The illegal weapons route, however, offers a number of options to the dealers. One of them is to bring the weapons to Estonia as goods in transit, and leave them here. The other option is to pay off customs. Customs in Latvia, for one, have supposedly shown signs of their willingness to accept bribes.

It has also been suggested that weapons are being brought in by police and defense forces, as they are checked less thoroughly in the customs than others. One version has it that Estonia's illegal weapons trade is emanates from the Russian army staying here.

Protection Police Is Aware

Juri Pihl, director of Protection Police, thinks that the illegal trade in weapons is clearly traceable to the Russian army personnel, trying to sell off weapons from the stockpile. "This year, we have recovered more than 50 pistols from them, 30 to 40 kilograms of explosives, and 20 cases of cartridges," Pihl said. He said it is quite realistic for the weapons trade to also muscle its way in across the border. Theoretically, it would also be possible for the weapons to be smuggled in by police and the defense forces.

Even though searching for illegal weapons is not among the duties of Protection Police, they have confiscated weapons worth 11 million kroons this year. The biggest cache of secret weapons consisted of 2,500 TT's. Out of

a total of 3,000, 500 had already been sold. "I think we are dealing with several groupings here, but since Estonia's own weapons market is not that big, the weapons are routed either to the East or to the South, where local fighting continues," Pihl speculated.

The Protection Police has information on Russians buying weapons in Estonia, no violators have been caught. "There are also weapons shops in Russia that serve as a front, the whole weapons trade is quite well masked there," Pihl volunteered. "Besides, with the exception of Nagants [revolvers] and Makarovs, there is not much to be had. A high class criminal, however, prefers a better kind of a weapon, and these are the ones brought in from the Estonian side."

Customs Not Bothered By Weapons

The State Customs Office could not name a single shipment of secret weapons discovered this year. "I don't think that smuggling weapons is a serious problem for Estonia, certainly not judging by the information available to the Customs Office," said Vello Valm, head of the Customs Office monitoring section. Over the last six months, Valm has become suspicious, and turned to the police twice, but since the subsequent steps are outside of the jurisdiction of Customs, he has no feedback on whether or not a complaint was filed.

Most misunderstandings have been on the level of insufficiently or improperly filled customs documents, which are usually resolved in favor of those bringing in the weapons. "When a shipment comes in, where all the documents are not in order, we naturally keep a close watch on it," said Valm and emphasized that weapons, including weapons in transit, are checked out with special thoroughness.

"It is possible, of course, that weapons in transit are not shipped out, documents forged, or weapons hidden behind other merchandise," he admitted, but added that Customs cannot, and is not supposed to search every corner and every piece of merchandise, customs relies on the random checking method. Also, he does not know of any case of a customs official having been caught for taking bribes for weapons.

Contemporary detection equipment makes it difficult to hide weapons when coming through custom checks at seaports and airports, it is much easier done for passengers traveling by train or car. Roughly a hundred illegal firearms, cold and chemical weapons have been confiscated this year, mostly from private individuals crossing the land border.

Hence, it would also take a private individual who, as a buyer of weapons, could scuttle a well-planned transaction for weapons. But, so far, nothing of the kind has happened. The buyers prefer to keep quiet and get armed.

One Hundred Companies To Be Privatized Through Public Sale of Shares

944K0516B Tallinn ARIPAEV in Estonian No 141,
13 Dec 93 p 5

[Article by Tomi Saluveer: "Privatizers To Sell Shares Of Companies"]

[Text]

The Privatization Agency, in cooperation with different ministries, will start compiling a list of companies to be privatized through public sale of shares, said Valno Sarnet, executive director of the Privatization Agency.

The listing is being compiled now, and a preliminary copy of it should be ready before the end of the year. "The list is made up of roughly 100 companies, spanning a wide range of economic sectors," Sarnet added.

The number of companies in the first listing depends on the preparation rate of privatization securities or shares of national capital, according to Riho Rasmann, a counsel at the Economic Ministry.

"Once the legislative basis reaches an adequate level next year, 100 to 150 companies could be listed," Rasmann said.

Advantages of Keeping the Company Intact

Whenever a company is sold by means of shares, it is usually sold in its entirety, and structuring of the company as a whole will be up to the new owners, Rasmann said. The sale of companies in their divided form has caused a lot of confusion that has played havoc with planning the operations of the company.

"The selection should not include companies with known social or political problems," Rasmann said. Also excluded should be companies that are the sole employers in their particular regions." He added that companies on the verge of bankruptcy should also be left out.

Rasmann said that the list could also be compiled by making random choices. "According to the probability theory, the resulting listing would be made up of poor, good as well as average companies," he said. "People, however, will have more of a choice for making an investment."

Still unsettled, according to Sarnet, is the 'degree of freedom' applying to the sale of shares, which will determine if individuals can sell their national capital shares among their relatives only, or will they be given more leeway when it comes to selling.

Keeping Ordinary Citizens Informed

Rasmann also suggested that more information should be made available to ordinary citizens, explaining how the national capital shares can be used, and letting them

know that shares in privatized companies can be bought directly or through investment funds.

In principle, the public sale of shares will proceed according to the Privatization Law. For the time being, Sarnet said, the role of possible investment funds has not been spelled out yet.

According to Rasmann, the banking system, consulting firms and investment funds are all ready to participate in launching the system of securities.

"I know companies where people are trained specifically to do that, and will be ready to start, once the process is activated," Rasmann added.

He also said that in the Czech Republic, for example, investment funds are by now doing a brisk business buying and trading shares of different companies. The structure of owners changes constantly, as everyone tries to buy shares in companies they trust most.

State Will Not Make a Good Seller

"Generally speaking, selling company shares is profitable to both the state and the company, but it also plays a very important role in speeding up the privatization process, and making it more efficient," Rasmann said. "The state, by itself, however, will not make the best of sellers."

Sarnet said that although several issues about the public sale of shares are still being debated, all participants agree that the sale of shares should be launched without delay. "Disclosing the listing is an important element in triggering the process," he said.

In accordance with the privatization program, the Privatization Agency must complete the listing of companies to be sold through public sale of shares by January of next year.

Swedish Companies Leaving Because of Crime Wave

944K0424A Stockholm SVENSKA DAGBLADET
in Swedish 29 Dec 93 p 6

[Article by Bjorn Hygstedt: "Threatened Businessman Flees Estonia"]

[Text] It took four years to get the boat factory outside Tallinn, Estonia, going. But it took a Swedish businessman only 20 minutes to pack his bags and leave the country after threats from one of the city's Mafia-like organizations drove him to flight.

Molds and other equipment, computers, fax machines, and telephones worth 3 million kronor in all were left behind in the industrial plant.

"Four years of hard work and then everything has to end like this just because we happened to get in the way of extraneous interests," said a spokesman for the D-boats company in Taby.

Six Hundred Plastic Boats

In 1990 D-boats formed the Fibertec joint venture company with the Majak fishery kolkhoz in Tallinn. Last year Fibertec produced around 600 plastic boats of various sizes, primarily for the Swedish market.

At first all went well. There was a good atmosphere at the factory—in spite of some language confusion and an unsettled political situation with increasingly vociferous Estonian demands for independence and liberation from the Soviet Union.

But after Estonia became a sovereign state, law and order was seriously undermined. Various crimes can be committed almost unchecked because of widespread corruption among customs agents and policemen. A fact that the highest police leadership now openly acknowledges.

Infiltration

Swedish authorities and ministries have tried through many different channels to speed up and support the construction of a functioning society based on law with aid for institutional sovereignty. But neither white gloves, deterrents, nor the transfer of advanced information has helped; corruption has spread, and organized crime is infiltrating farther and farther into spheres of power.

According to Fibertec's former administrative chief, an Estonian, it began when one of Tallinn's metal gangs, which earn incredible sums from the export of primarily stolen scrap metal, wanted to acquire the Majak partner's attractive deep-water port in the Kopli district south of the center of the city.

One of the gang's members, a karate instructor, had a lifetime membership in the Majak kolkhoz. Using big bribes and explicit threats, the gang succeeded in getting the kolkhoz members to not only approve incorporating the kolkhoz but also elect the karate instructor as its managing director.

After that things moved quickly. All the chiefs of the former kolkhoz's satellite companies were kicked out, and soon it was the turn of Fibertec and D-boats.

"One day a tough gang came and said they were going to sell the industrial buildings and that we had to get out. Our production chief, Lars-Olof Berntsson, protested and said Majak could sell only its own share," someone in the D-boats management told SVENSKA DAGBLADET.

Warning From Enforcers

A few weeks later the production chief was warned about the gang's enforcers and their methods by his own personnel.

"Berntsson was advised to return home immediately. He fled to the Swedish Embassy before leaving Estonia head over heels."

No one in the company dared get in touch with the Tallinn police, but a report was filed with the Swedish police. Several people have also been questioned closely about what happened.

"Here we sit and we were not able to take a single ore with us. We think it is irresponsible of the government and the Export Council not to warn Swedish businessmen who are considering investing in Estonia about the increasingly powerful crime gangs," said a company spokesman.

Staffan Sodersten, the Export Council's marketing chief, is well aware of the development not only in Estonia but also in Latvia, Lithuania, and Russia.

"It has clearly worsened just in the past year and it is shocking how fast it has happened. But we cannot very well advise people against doing business in Estonia, although we urge them to be extremely vigilant," Sodersten said.

Case Not Unique

Threatened Swedish businessmen who are forced to flee from Russia and the Baltic states have become a dismal reality in the wake of poverty.

"Unfortunately the case in Tallinn is not unique. We have also acted via the Swedish Embassy in Moscow," said Christine von Sydow of the Foreign Ministry's trade section, who is responsible for the mixed commissions that administer the free trade agreements with Estonia, Latvia, and Lithuania.

Aid To Be Maintained

Von Sydow said she would not advise Swedish businessmen against making investments in Estonia and the Baltic region either.

"But we communicate the anxiety we feel about the grave situation via many different channels. I do not believe in withholding aid as a 'punishment,' but rather in intensifying support in order to hasten an improvement in the legal system."

Alar Streimann, trade counsellor at the Estonian Embassy in Stockholm, insists that there is no threat to Swedish firms in Estonia.

"If someone has problems they should report the matter to the police so it can be investigated. A corrupt police system? There is no proof of that, but the police are poorly equipped."

Closure of Textile Plant Threatens Town's Survival

944K0424B Stockholm DAGENS NYHETER
in Swedish 30 Nov 93 p 12

[Article by Mert Kubu: "Can't Make It Through the Winter"]

[Text] Sindi, Estonia—Sindi in southern Estonia faces the threat of famine this winter. Therefore the town must

be declared a disaster area. That demand comes from Liina Maaste, mayor of Sindi, the smallest municipality in Estonia.

The old textile factory, where all work has stopped, has been declared bankrupt. The people have no jobs, no money, no aid.

Families in Sindi have only meager children's benefits to live on. Even retirees, with their miserably small pensions, are better off. So far people are getting by. They have gathered mushrooms in the woods and tried to raise a few potatoes and other vegetables in small garden patches outside their houses.

"But without outside aid we will be unable to manage in the winter," Maaste told DAGENS NYHETER.

Thanks to a little aid from Sweden last winter they can still provide soup for retirees in Sindi's municipal soup kitchen. Here for one Estonian kroon (worth about 60 Swedish ore) old people get a bowl of soup, a little bread, and, on the day of our visit, two small pancakes.

One Employer

The tragedy in Sindi is that the town of just 4,200 inhabitants had only one employer, Kalevs textile factory with approximately 1,000 employees. The factory is 150 years old and has survived many difficult periods. But when the Soviet empire collapsed it was definitely all over for the Sindi factory too.

Before, during the wild days of planned economy, textiles from Sindi were sent to other Soviet republics. But now Russia is no longer paying for goods and no one in the West wants the inferior textiles from Sindi.

Of course company fatalities have also hit the Swedish mill community. But in Sweden there is a social safety net. That is not the case in the poor Baltic states. To get a monthly unemployment benefit of 180 Estonian kroon (a little over 100 Swedish kronor), strict requirements must be met. In addition companies avoid paying this by sending employees home on "indefinite leaves" that can last several years.

Six Children

Liina Maaste accompanied us on a visit to one of the typical unemployed families in Sindi.

The Peas, Arvo, 40, and Eve, 38, both worked at Sindi's textile plant. They have six children. A seventh is on the way. Four of the children live at home. The oldest son, 21 years old, is married and lives with his own family in his mother-in-law's house. An 18-year-old son lives in the country. The couple's only income is the children's benefit for four minor children, a total of 600 Estonian kroon a month. This corresponds to around 375 Swedish kronor. The money has to cover food, rent, electricity, fuel, clothes for the children. It doesn't. Therefore most people do not bother to pay the rent, mayor Liina explained.

"If we hadn't got secondhand clothes, the children would have had to go naked," said Eve.

Eve and Arvo have helped farmers in the neighborhood harvest their potatoes. They were paid in the form of several sacks of potatoes.

"All our cupboards are full of pickled and dried mushrooms that we gathered," Eve told us.

"We will probably have a seventh son," said Arvo, but added:

"But now we must have no more children, we can't afford it."

What was the best time for the Pea family of Sindi financially?

"It was probably the last year of the Russian ruble when we both still had our jobs at the textile plant," Arvo said.

What will happen to Sindi?

"The Estonian Government in Tallinn must first declare us a disaster area and also provide financial assistance. We also need international aid," Maaste said.

She is worried that "the wolves will plunder" what is left of the old textile plant in Sindi, that the machinery will simply be sold and some of the old bosses will stuff the money into their own pockets. That is the way things often go in connection with "privatization" in post-socialist Estonia.

The old red directors of the state companies and kolkhoz and sovkhos chairmen often finagle the biggest share into their own pockets.

There are many scandals. Rumors circulate, newspapers write about them without properly investigating what really happens later. The authorities intervene far too seldom or far too late. Just now, for example, a big furniture factory in Tallinn is in trouble.

Person With the Most Power

Maaste herself is a child of the communist party apparatus. She does not deny it. Liina was the person with the most power in Sindi before, but then her title, translated into English, was chairman of the executive committee.

She worked for some years at the communist party headquarters in the neighboring town of Parnu and after independence she was appointed mayor of Sindi.

In order to get anybody to run for office in Sindi in the local elections that were recently held in Estonia Liina had to persuade the chief doctor, some self-employed businessmen, an electrician, and some business people to run with her on a 15-person ticket. Just enough for a new assembly of delegates. They were elected, there was no alternative, and Liina kept her job as mayor.

She does not exactly get a fat paycheck as mayor: 1,340 Estonian kroon or 837 Swedish kronor, only slightly more than the statistical average wage in Estonia.

What does she want? She wants the municipality to be able to take over part of the bankrupt factory so it can make its own effort to find someone who will lease the premises. Then money will be needed to repair and enlarge the sewage system. Otherwise everything will end up in Parnu Bay and further out in the Baltic Sea. The heating systems in houses with central heating have also broken down. The main street is in very poor shape and the children need money for school.

We inspected the small clinic, Sindi's few private businesses, and the town's pride, the old station building that has been converted into a library. The only relatively new building in all of Sindi.

LATVIA

LDLP Chairman Analyzes Citizenship Drafts Proposed By Various Factions

944K0408A Riga LATVIJAS JAUNATNE in Latvian
13, 24 Nov 93

[Article in two installments by LDLP Chairman Juris Bojars: "Quality of Proposed Citizenship Laws"]

[13 Nov 93 p 11]

[Text]Bad laws weaken good laws.(Montesquieu: "On the length of laws".)

In discussing the drafts of the citizenship law of the Republic of Latvia and other related documents in the Supreme Council, as a draft author and referee, I had to answer a variety of questions and proposals—both sensible, and ridiculous.

This is how annexionist and racist citizenship acts were adopted during the fascist "Third Reich". According to these, non-Aryans could not obtain citizenship in the empire, and Jews and Gypsies were later annihilated. After the fall of this empire, the allies declared these fascist laws to be invalid, and in the American and Russian occupied zones, they were invalidated retrospectively—up until the very point of enactment¹. Thus, it is possible to adopt very strict citizenship laws, but only within defined, internationally accepted boundaries, which should be known.

At least those deputies in Latvia who have been elected for a second term will have learned as much as to know that Western governments and experts evaluate the level of democracy of a post-communist country, including Latvia, according to four or five major, i.e. constitutional, laws: the constitution, which must include a section on human rights, the election law, the citizenship law, and the law on the legal system.

The Satversme (constitution) is finally in effect. However, without the incorporation of the December 19, 1991 constitutional law "The rights and obligations of humans and citizens", it remains on the same level as the pre-war "Weimar" type of constitution, without any regulation of human rights. Regarding the proposals by the "radicals" to revoke all laws passed by the Supreme Council or to immediately renew all pre-war laws, I can only respond that carrying out such proposals would create total legal chaos and anarchy in an already poor situation with respect to rights protection, when neither citizens nor the rights protecting institutions will know what the laws in effect are, and will be unable to function.

Furthermore, in such a case, all of the pre-war property denationalization and land reform laws that were passed by the Supreme Council will also be revoked. The pre-war owners just might start looking around the Saeima building for resolution proponents with pitchforks. It seems that the recently elected representatives to the Saeima from "Fatherland and Freedom" do not know that scores of new laws passed by the Supreme Council, such as the laws of "accounting procedures", "the return of property to religious organizations", our current law package on business activities, banks, author's rights, and others, were adopted and are in conformity with a whole string of international laws following strict recommendations by Western governments and experts. Included among such conventions, for instance, are the International Labor Organization Conventions, the Hague Convention on the Matter of Civil Process, as well as the 1949 Geneva Convention, which the self-same "Fatherland representatives" refer to so often. I would also recommend taking extreme caution when correcting the constitutional law "Rights and obligations of humans and citizens", because it has received high grades by the United Nations and the European Council.

According to the expertise of European Human Rights Court Judge J. de Meyer and European Human Rights Commission member, C. Rozakis, the December 10, 1991 constitutional law, "with respect to the determination and protection of rights and freedom, as provided by this document, is comparable in rights and freedom as guaranteed by constitutional documents of the majority of member nations in the European Parliament, and what is collectively guaranteed within the bounds of the European Council, as well as the European Human Rights Convention" ².

The repeal or correction, without careful consideration, of this law, which has received the highest evaluation by high ranking experts of European human rights institutions, could give the wrong impression in the United Nations and European Council of instability in the main political laws, especially at a time when we must become accepted into the European Council, and cause a new and unnecessary influx of international experts into Latvia. Naturally, the human rights law can and should be corrected, but only with very careful consideration, so

that some of the norms would be more in line with the 1950 Rome Human Rights Convention and its appendices on the question of specific rights restrictions, as well as to determine the minimal rights standard, which can never be overstepped, not even under emergency or war conditions. It is also necessary to refine this law to totally eliminate the removal or restriction of a person's main constitutional rights, specifically political and due process, without a court decision, as occurs at present. In such a case, this law will be even more democratic than the 1950 Rome Convention with all of its appendices.

In addition, there is no system to insure overall human rights, and political rights, in particular, in Latvia through the help of a state administrative institution, and especially the courts. Likewise, there is also no system to fight against organized crime and to provide people with personal safety. This is also a further verification of the words of Thomas Jefferson ³, i.e. that "the longevity of a law is more important than its creation" ⁴.

But these initiatives must be focused first on the reform of the legal system, the institution of which in Latvia, the same as with the 1950 Rome Convention in the participating nations, must give every person the possibility to address the courts with complaints about the violation of their human rights. In this respect, it is also necessary to create a special punishment system. The Satversme courts must be created and it must be determined what type of court would handle human rights matters. As per the Scandinavian model, so-called *ombudsmen* must also be provided ⁵, or a state-empowered human rights institution, which would investigate all complaints regarding human rights violations on the part of state employees or institutions and would be involved with the reinstatement of these rights within the context of the administrative process, or if the case should require, to introduce the matter to the courts.

Therefore, the human rights law must be incorporated as a permanent part of the Satversme, since the present-day constitutions of all European countries include a section on human rights, which is formulated on an overall principle level, so that it does not have to be constantly changed, and thus guarantees the stability of the constitution. The regulation of each specific right is being detailed in non-constitutional laws, such as for the freedom of the press, speech, demonstrations, awareness, etc. The constitutions of developed nations usually also include various basic principles of citizenship. We should do likewise.

If the Saeima deputies do not declare all Supreme Council laws to be ineffective, then we also cannot ignore the fact that the Republic of Latvia Citizenship Law was adopted at the first reading. The second reading was overturned at that time by the combined votes of the Latvian National Independence Movement (LNIM) and the *Interfront* deputies. The former felt that the law was overly liberal towards immigrants, the latter felt it was too restrictive. This law draft cannot be ignored also because, at that time, a great deal of attention was paid

to its analysis by United Nations and well as European Council human rights experts, evaluating it to be more favorable than the October 15, 1991 Supreme Council resolution "On the renewal of Republic of Latvia citizenship rights and naturalization basic principles".

The United Nations Center for Human Rights Group Director I. Fall, in the report by experts, directed attention, not to the resolution, but to a detailed analysis of the citizenship law draft, finding that "after examining the Latvian citizenship law draft, the mission finds it to be suitable, recalling the overall recognized international rights principles on the question of granting citizenship, as reflected by the International Court decision in the *Notoboma* case. In accordance with the court decision, "each sovereign nation has the right through its legislative process to define laws on granting its citizenship, and on the naturalization process by which citizenship is conferred, as performed by the state institution, in according with legislation..."⁶.

Further, the report by experts finds: "Therefore, it cannot be stated that Latvia is violating international rights through the fact that it is defining how it grants citizenship"⁷. That is also the final evaluation of the citizenship law draft adopted at the first reading. At the same time, the report also criticizes various norms in the October 15, 1991 Supreme Council resolution.

And thus, the Saeima deputies would be acting intelligently if they would recognize the texts of the reports by experts of the United Nations Human Rights Center Director Ibrahim Fall⁸, as well as of the European Human Rights Judge J. de Meyer and European Human Rights Commission member C. Rozakis⁹.

Every citizenship law, provided that it is prepared by qualified specialists, is technically similar, with the exception of various norms, whose goal is to accommodate it to the political and demographic situation of each specific nation.

The so-called immigrant nations of the new world, in their initial attempts to colonize "native" territories, created citizenship laws that would promote immigration and form "national melting pots". On the other hand, the nations of Europe, through their citizenship laws, attempted to maintain their national identities (homogeneity). For instance, the Ministry of Internal Affairs of the Federal Republic of Germany, in its December 15, 1977 statute on naturalization guidelines, clearly and plainly stated that "the Federal Republic of Germany is in no manner a country of immigrants"¹⁰.

The entire discussion could be covered by these few paragraphs. But since the Saeima factions have decided to waste time and present five law drafts, then we may as well compare their good and bad points. Naturally, this complicate task should be started with the law draft submitted by the ruling coalition with "Latvian Way" as the flagman. And especially because the *wayfarers* party leader, Prime Minister Valdis Birkavs, in the October 27

interview, officially reminded everyone that this coalition's pre-election slogan was "the Latvian Way is the law and order way!"

We have all already started to notice what and who this order applies to. Naturally, political "chickens" are counted around election time. However, from the law drafts already published¹², we can already see that even though this ministry faction has the greatest number of lawyers, even some who have received their legal training abroad, the Latvian Way law draft is the weakest in terms of an abundance of ideas and norms. The *wayfarers* have not realized that it would be desirable to define in the law (as was done in the law draft adopted at the first reading) what Latvian citizenship is, since the qualified lawyers are unable to explain this in an understandable manner.

I do not know why the law draft developed by the working groups of *wayfarers* (who were the members?) did not contain any sections referring to the citizenship of children from mixed marriages, which are the most complicated and essential sections of any national citizenship law. It is not clear whether the Latvian Way believes that Latvians will not have any children in the future, or are attempting to prevent mixed marriages with foreigners. That could be done, because during the time of Stalin's rule, there was a period during which marriages between soviet citizens and foreigners were completely outlawed. And, in the USSR, up until the middle of 1990, there was an unlawful practice by which marriages with foreigners were only possible by consent of the central committee. At one time, this author prepared the legal foundation on which such an idiotic practice at the end of the soviet era was repealed. The Latvian Way does not realize that adoption, whether a citizen adopts a foreigner, or a foreigner adopts a Latvian citizen, also has an effect on citizenship, which is why this matter should be regulated by the citizenship law.

In comparison with United States legislation, the Latvian Way lawmakers have defined the group of people who are denied naturalization very liberally. They have practically erased these same very few norms for possible denial by the condition: "if determined by a court ruling". This is not how it is done in the world. Citizenship by court proceedings (actually official ceremonies) is only obtained in the United States. Elsewhere, the immigration institutions, which do not even have documents available to them, but only compromising police investigative materials, can irrevocably deny naturalization, because it is almost impossible to demonstrate in court that, for example, "N" is an Italian mafia "godfather" or a member of the terrorist "red brigade".

The United States immigration and naturalization law section 313 defining the group of persons for whom citizenship is denied is three pages long¹³. Germany considers as non-intragratable and therefore non-naturalizable, those persons who maintain contact with

their emigrant organization¹⁴. The majority of nations will not naturalize persons who have no legal means of support.

I have always had an objection against the fact that ever since the *republic of May 4* Supreme Council came to power, official state acts are no longer published, specifically—international treaties, which, following their ratification, become a component part of every state rights norm. During the soviet era, all USSR international treaties were properly published in Latvian. At present, almost no Latvian international treaty, despite my repeated protests to the Supreme Council, are not only not published, but are very often not even submitted to the deputies before the vote for ratification. Thus, for instance, prior to the vote for joining the International Monetary Fund, the text of the treaty was not presented, and the deputies were voting as if they were bidding in a poker game. Could the *wayfarers* explain how the Latvian state administrative and rights protection institutions will insure that our international treaties are fulfilled when they have no access to the texts of the treaties? In pre-war Latvia, the texts of our international treaties were published not only in Latvian and, for instance, Russian, if the treaty was with Russia, but also in English and French, because the texts in these languages were submitted for filing in the League of Nations. Now, the texts of our treaties—according to the existing procedure—must be translated into English and sent to the United Nations for publication in the "United Nations Treaty Series". Is anyone doing this?

Regardless of all of the *wayfarers* promises about *organizing the laws and legal system*, there is no order in the publication of law and law drafts. Thus, for example, the publication of the Latvian Way citizenship law draft in the *Diena* supplement, without any sort of warning or explanation, gets carried away with paragraph 14, section 2. Along with this, according to the published text, everyone has the right to believe that the Latvian Way bill allows Russian Army Colonel Victors Alksnis to claim Latvian citizenship, but that the renouncing of citizenship or its revocation is not possible—as in czarist times. There is more in addition to the Latvian Way law draft circulated in the Saeima. And that is the *mess* in which we find the publication of the state acts and their bills! If the Latvian Way "while in power" cannot even bring about any order in the publication of its law drafts, then how will they be able to do it with more difficult matters?

The Latvian Way bill also contains some very strange phrases, as, for instance, in paragraph 12: "In granting citizenship under naturalization procedures, the number of years of residence in Latvia should be taken into consideration". How should it be taken into consideration, and what number of years, if in paragraph 10, a ten year criterion is already defined? Just as strange is the condition described in paragraph 14, section 2, that naturalization can be restricted in the case of a person who, "due to the committing of a serious crime, has been sentenced to removal of freedom for a period of not less

than one year"... If this refers to a heavy crime, then a one year sentence is not typical. Only racketeers, when caught red-handed, sometimes receive a "suspended" sentence.

Also ridiculous is Latvian Way bill paragraph 23, which states that the only documents which can confirm citizenship are the Republic of Latvia citizen's passport and a "notification" issued by the Republic of Latvia diplomatic and consulate representatives. First of all—why a "notification" instead of a citizenship certificate, as issued by other countries? Second, what confirms the citizenship of a child born in Latvia, especially one who has no parents in whose passports such information could be confirmed? Obviously, a child's citizenship must be confirmed either through a birth certificate, which would not be desirable, or a certificate of citizenship, which could be issued to the child as soon as his citizenship is determined.

In other words, the Latvian Way law draft leaves a poor and superficial impression as far as norms and concepts are concerned. It is also no surprise that each leading *wayfarer* is at least a minister at the same time as a deputy. Serving in two parliaments in three years, I am convinced that, in order to properly perform the duties of a deputy, it is necessary to work from early morning until far into the night, and then it is not possible to accomplish everything to personal satisfaction. If we want to establish a true democracy in Latvia, a seat as a deputy in the next Saeima must be maintained strictly apart from other state official positions, and according to the Swedish model, a replacement deputy must be instituted, while the deputy holds a ministry position.

The "Fatherland and Freedom" faction (henceforth, referred to as FF) has been more serious in developing its bill¹⁵, although, and I hope they forgive me, because of the modest volume of the law draft submitted—two pages—I am unable to confirm an abundance of ideas or knowledge of the subject. Apparently, FF still maintains the dogma that whatever is inherited from pre-war Latvia is *a priori* good on its own. Wake up! Latvia is not Sleeping Beauty's fairytale castle. Seventy-four years have passed since the citizenship law was adopted. Such primitive citizenship laws are no longer used nor revised anywhere in the world. In England during this period of time, eight such laws have already been adopted. Don't pace around in place.

I cannot deny that FF, in its opinions, is attempting to act for the good of the Latvian people. Probably, some of their norms should not be spurned, and could be utilized in the final variation among the norms of a consolidated, detailed law. However, Latvian lawmakers should realize that the European Council is expecting as an entrance fee a legally qualitative, new, modern citizenship law. If FF is determined that, in this millennium, it will not allow the naturalization of any immigrant, this is not wise, neither in the eyes of the world, nor for practical reasons.

Don't think that I am for the indulgence of foreign (even Western) people. Quite the opposite. My motto is: "Whatever the foreign folks are saying, don't talk along with them!" We will be able to survive as a people, if we are smarter, more clever, or at least not as dumb as the surrounding major groups of people. Take an example from the Jews! A small group of people cannot punch a hole through the wall of a large group of people by using its forehead. It can get ahead through wisdom or wealth. And that is also all that has to be said about the FF bill.

Footnotes

1. Mann F.A. The Present Validity of Nazi Nationality Laws.—The Law Quarterly Review, Vol. 89, 1973. Apr. P. 199.

2. J. de Meyer, C. Rozakis. Report on Human Rights in the Republic of Latvia. Strasbourg 20 January 1992. AANMEE. 43. 1406—20/1/92-1-E, p. 15.

3. Thomas Jefferson (1743-1826). One of the "Founding Fathers" of the United States of America, Author of the Declaration of Independence of the United States of America, 1801-1809 President of the United States of America.

4. See Letter to the Abbe Arnod, 1789.

5. In Swedish—empowered representative. This term, untranslated, as well as the institution itself, has been adopted by the United Nations and many other countries from the Scandinavians.

6. The deputies could familiarize themselves with the Noteboma matter, as well as with many other famous international precedents, through the United Nations monograph by this author in one of the working languages: "World State Citizenship", Riga, 1993.

7. Ibrahim Fall. Center for Human Rights. Allegations of Discriminatory Practices against Minorities in Latvia. Report on Fact-Finding Mission to Riga, Latvia, 27 to 30 October 1992, p. 9.

8. Abbreviated experts opinion see—Republic of Latvia Supreme Council and Council of Ministers publication.—Diena 1992. 18.12. pp 1-2. Full text of experts see: Ibrahim Fall. Center for Human Rights. Allegations of Discriminatory Practices against Minorities in Latvia. Report on a Fact-Finding Mission to Riga, Latvia, 27 to 30 October, 1992.

9. J. de Meyer, C. Rozakis. Report on Human Rights in the Republic of Latvia. Strasbourg 20 January 1992. AANMEE. 43. 1406—20/1/92-1-E.

10. Deutsche Auslanderrecht. Munchen, 1991, S. 157.

11. For more detail, see my monograph, chapter 3, sections 3 and 4.

12. Here and further on, the law drafts submitted by the Latvian Way, Latvian National Independence Movement and "Equal Rights" are cited according to the

"Diena" supplement publication—"In the Saeima and Cabinet of Ministers", 1993, 20.10.2, p.3.

13. Immigration and Nationality Act. House of Representatives, Washington, 1980, p. 14-17.

14. Committee of Experts on Multiple Nationality. European Committee on Legal Cooperation, Council of Europe. Strasbourg, 1992. No. 6, p. 38.

15. Document submitted by "Fatherland and Freedom" with Saeima registration No. 420 was used.

(To be continued)

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[24 Nov 93 p 10]

[Text] (*Continuation of article appearing on November 13.*)

Bad laws weaken good laws.(Montesquieu: "On the length of laws".)

The Democratic (Center) Party (D(C)P), with its name, the loudness of its propaganda, and large monetary resources from undeclared sources, attracts genuine interest. According to the party's last congress and new name, it turns out that it alone is standing up for democracy, and no one else. In addition, the punctuation of its name, with the parenthesis, is a warm reminder of the AC(b)P (All Union Communist (bolshevik) Party)...

Of course, according to the September 15 statement on citizenship by the party, renewal of the 1919 law is not acceptable, due to the above-mentioned reasons. I also cannot agree with the DP proposal that only Latvians and Livs be given "preference" in receiving citizenship. They should not only be given "preference", but an absolute right to automatically receive citizenship upon their return to the fatherland (if the specific repatriate is not affected by the regulations restricting these rights, as for example, participation in mass repression). In the same manner, the Jews have stated in paragraph 1 of the Israeli Constitution: "Every Jew has the right to immigrate to Israel and receive Israeli citizenship"¹⁶.

I should remind you that shortly before the election, I submitted a law draft to the Supreme Council on the absolute rights of Latvians to receive unconditional citizenship upon their return to the fatherland. That was adopted at the first reading. The Satversme bill was successfully blocked, although there was success in obtaining the vote, unique in the Supreme Council's experience, to send the bill to the United Nations and the European Council's human rights commission for an expert evaluation. From the United Nations, I. Fall sent a positive evaluation of the law draft, indicating that, according to international practice, this would be the widely used and accepted so-called **positive discrimination**. The Europeans replied that they would discuss

these questions at their September seminar in Riga, and sent some people to attend, who have not written a word about citizenship.

The DP bill makes provisions for language "facilitation" (only) for "the hearing and visually impaired". But are they speech impaired, respectively, born that way, are have they lost the ability to speak because of a trauma? Naturally, the DP statement also contains some rational proposals.

The **Latvian National Independence Movement (LNIM)** bill is incomparably more detailed and refined than the one "churned out" by the *wayfarers*. Overall, it is based on the structures and norms of the first reading of the citizenship law, which suffered a long and hot fight, and includes specific terms and also a proper definition of Latvian citizenship.

Debatable could be norm 2.1., which has been adopted from the 1919 citizenship law. With point c) being extended to all descendants, it could involve an unexpectedly wide circle of people related to those who left Latvia prior to World War One, including the descendants of the Czar's governor generals, secret police, beat patrolmen, imperial army officers. etc. Thus, it will be obviously acceptable to the Russian-speakers, and "Equal Rights" will vote for it.

Controversial is the LNIM bill's paragraph 10 on dual citizenship of emigrants, which has already been accepted in the first reading by the Supreme Council. As I have already said, it is not true that the refugees were "forced" into naturalization in their host countries. If this were true, then about 20 thousand of them would not have been able to maintain only Latvian citizenship. Naturalization, naturally, has widened the political and social scope of Western Latvians and increased the career opportunities in their host countries. That is also the major, and quite understandably human reason. However, I am opposed to dual citizenship, as are various Saeima factions and Latvian parties. By allowing dual citizenship "in the West" and not in the East, we are making it possible to be sued not only by persons of Eastern origin, but even for "discrimination" of Latvians in Latvia. By accepting a one-sided "Western" dual citizenship, we have created a category of privileged Latvians, who can fully enjoy the political rights of citizens, but who do not have to perform any of the obligations of the local Latvian citizens. This category also enjoys an additional unanticipated advantage. Any Western Latvian, as pure as a white archangel, free of all dirt from the soviet occupation era, flies over to our valley of sorrows, calmly runs as a candidate in the Saeima and even presidential elections, and if he doesn't like something, then he forgets all his patriotism and goes back across the ocean "to the big salary or pension". He is quite possibly a very pleasant person, but we don't have any prior evidence of this! And overall, a system in which the Latvian people wake up one morning and have a president about whom they knew nothing yesterday, is not good for anything. Any sort of phenomenon

involving privileges and "political voyagers" should be rejected. The merits earned by exile organizations in promoting the Latvian cause in the West are all recognized, but it should be resolved: either here or there. This should be the main point in selecting a candidate for a higher national position. After all, the local people were the ones who suffered under the occupation and repressions, and they also managed to hold on to the Latvian land with their flesh and bones. And the local people will always be the first to clean out the "stables of Augeus".

By allowing dual citizenship, we are hastily creating for ourselves a whole group of problems, the first of which are the so-called migrating politicians. To be quite honest, first of all, this category is mainly made up of pensioners; from this, certain conclusions about their energy reserves can be automatically assumed. Second, as demonstrated by Mr. Ritenis, they have difficulties coping with the local situation. Third, there are no high level specialists among them. All emigrants of Latvian origin who are high level specialists are either in Western universities or hold responsible positions in their host country. If I am wrong, then show me a professor who has returned to live in Latvia permanently, and I will gladly invite him to my institute to present lectures.

Naturally, because of our 30 to 50 times lower salaries and our enormous local problems, only the fools among them of working age would return to Latvia. The advisors who are coming here are either adventurers, or those who have failed in the job market of their host country. In the beginning, I was also occasionally taken in by them, but I no longer allow them to present lectures in the University of Latvia International Affairs Institute. A few enthusiasts do come along, but there are very few of them. For the most part, young Latvian wanderers come here to work either in Western national diplomatic or company agencies. And I heartily thank those Latvian professors who come here from time to time to share their expertise.

But now we have a whole string of Saeima deputies, who are serving as ministers at the same time, and hold dual citizenship. From a national and international legal standpoint, their status is quite controversial. For example, in the United States Immigration and Citizenship Law, section 101 on "Definitions", points (21) and (22), we read that the term "citizen" means "a person whose obligation is to maintain a permanent loyalty to the nation"¹⁷. Similar regulations are found in the legislation of all nations. And now answer the question of which nation are they loyal to and whose—Latvia's or that other nation's—interests are Latvia's deputies and ministers working for, those who have foreign citizenship crossbred with Latvian citizenship?

Furthermore, in connection with the United States Immigration and Citizenship Law section 349, even a citizen born in the United States, not only naturalized, will lose citizenship if: 1) he is willingly naturalized by another nation; 2) swears loyalty to another nation; 3) joins the military service of another nation, if prior to

doing so, he has not received permission from the United States Secretary of State or Defense Minister; (Latvia's Minister of Defense is a citizen of the United States). Further on in the American law, in the same section, point 4, there is a more restrictive norm: a citizen of the United States will lose his citizenship if he enters into the service of any foreign nation, even if he is or has obtained citizenship of this foreign nation.

If such a case, the American law does not allow any exceptions or permission by the state. Therefore, from the standpoint of the state and legal order that was promised by the Latvian Way, anyone may express an interest in whether or not the United States citizenship of the honorable Mr. Pavlovskis has been revoked, in accordance with section 349, points 3 and 4, and if not, then what does the United States stand to gain, especially since the United States law does not provide for any exceptions?

International rights, through the International Court of Arbitration (The Hague) 1912 decision in the Canavero matter, gained the so-called active or effective citizenship concept. The court concluded that Canavero, who, according to birth by the blood relation principle (*jus sanguinis*), had received Italian citizenship, but according to the place of birth principle (*jus soli*)—Peruvian citizenship, and was factually a citizen of Peru, because he was in reality taking advantage of these citizenship rights, being elected senator in Peru, and as this nation's Consul General in Holland¹⁸. Taking the above into consideration, anyone, who is not completely naïve to matters that influence international politics, may start to ponder a major theoretical problem—whether Mr. Pavlovskis, against whom I have no personal complaints, is providing us with defense that is needed specifically by Latvia; or is it needed by the Americans, or by the Americans when they join with the Russians, when we are not around?

Forgive the directness, but international politics is not some fool's game, and we know quite well from history how many times the major powers have joined in deciding the fate of the Baltics behind our backs. With the show of a reduction of Russian forces in the Baltics, there has been an immediate rush of active competition attempting to fill this void on all levels. Only a total fool could believe it was mere coincidence that there were candidates for presidents and ministers in the Baltics coming from the "West" (the former Minister of Defense of Estonia was Hain Rebas—a Swedish citizen). Naturally, the still unresolved "KGB sack and deputies sitting in the sack" problem clearly shows that not just the truest Latvians, nor strictly Latvian citizenship can guarantee against national betrayal. Nevertheless, for the good of Latvia's security, it is necessary to carry out all necessary precautions to insure that national policies are created only and uniquely in our interests. Now, what kind of organization do we have, when two major national security structures in Latvia—the Defense Ministry and Internal Affairs Ministry—have people

working alongside them who are receiving money from one major power, and yet others who receive money from another major power?

Finally, I would like to remind you that Latvia is a participant of the 1930 Hague Convention "On specific questions that affect the conflict of citizenship laws". This League of Nations document is now on file with the United Nations Secretary General. The 1930 Hague Convention denied dual citizenship and supported the principle, in accordance with which each nation determines its circle of citizens, and other nations must respect these rights¹⁹. It would be more correct to resolve the question of dual citizenship, if we were to allow it, through international treaties with each country. It would also be essential to incorporate into the election law a permanent residence census, similar to what is done in the United States. For example, 10 years for the right to be elected to the Saeima, but to run for President, it would be necessary to have received citizenship through birth here, and to have resided permanently in Latvia for the past five or ten years. The loyalty oath should also be instituted for Saeima deputies and ministers.

Up to paragraph 36, overall, the LNIM bill is in accordance with the former bill voted on at the first reading and would be acceptable. Nevertheless, I feel that: if the LNIM are such patriots, then the law must incorporate the principle on the absolute rights and citizenship of persons of Latvian and Liv origins (maintaining certain exclusionary conditions), because applying quotas to them is not sufficient. Likewise, quotas should not be applied to Estonians, Lithuanians and Poles, because, for example, many repressed Lithuanians, who were not allowed to return to Lithuania settled on the Latvian side of border with Lithuania and have lived there for all of the post-war years. These persons should also be eligible for the mentioned "positive discrimination" process, since they present no threats to the sovereignty of Latvia.

The bill of the "Harmony for Latvia" faction does not contain anything particularly progressive and new from that of the Supreme Council's first reading. The only thing they did was to introduce similar numbering for the earlier Central Committee and Council of Ministers decisions and many old norms have been unnecessarily crossed out, ones which the faction authors had not understood.

The "Equal Rights" faction bill contains some legally quite illiterate "pearls", which it would be worth mentioning. The preface to the bill starts off by outlining the goals of the bill written in a rather soviet propaganda style, "to establish *harmony* between the Latvian state and the inhabitants"(!), which is completely ridiculous from a legal point of view. First of all, the subjects of a citizenship law are "citizens", not "inhabitants", who include citizens as one part. Therefore, a citizenship law cannot establish "harmony" with "inhabitants", because it does not regulate questions of "harmony" among inhabitants (who would fall under the auspices of the

"Harmony" faction, not "Equal Rights"), but questions about who is a citizen, how is citizenship obtained, lost, what is the citizenship of a child or adoptee, if there is a foreigner among the parents or adoptive parents.

Further, if this is not a typographical error in the newspaper, the *equal righters* made some horrible mistakes in the bill, referencing an entire group of international treaties, without capitalizing any of the names and even calling them by wrong names. In addition, they are attempting to base their concept on documents that have nothing to do with citizenship, as for example, the International Pact on Economic, Social, and Cultural Rights. It is declared in the draft that "no one in Latvia can be arbitrarily revoked of citizenship, nor arbitrarily denied the possibility to change citizenship". What does "arbitrarily" mean? If such a resolution is passed by the competent state institution (since no one else can revoke citizenship) according to the law, will this be "arbitrarily"? Moreover, "Equal Rights" is not correct also because Russia, according to its law, can basically revoke citizenship from any one of its citizens who resides in Latvia. I can't see that anyone here would attempt to prevent someone from changing their citizenship.

A legally absurd statement in the bill is that "the Republic of Latvia guarantees within its territory to each and every citizen, foreigner, stateless person (...) human rights, the rights of citizens, observance of freedom, as mentioned in the Satversme and in this law".

First of all, as I already stated, the purpose of a citizenship law in any country is to regulate only citizenship, not the rights of humans and citizens, which are regulated by a completely different law, and this is why all of the beautifully packaged norms on the rights of humans and citizens do not belong in the bill. Second, the Satversme, at this time, has no section on human and citizen rights, and thus referring to it is pointless.

Further in paragraph 4, the declaration of the "zero" variation, naturally, is not supported by any other faction, and therefore there is no reason to discuss it.

In paragraph 11, the norms referring to the status of foreigners belong in a law on foreigners, not in the

Republic of Latvia citizenship law. Likewise, the idea of "Equal Rights" that citizenship cannot be revoked also seems unfounded. Even in such a democratic nation as Sweden, in accordance with their citizenship law, paragraph 7²⁰, citizenship can be revoked.

The rest of the bill consists of the Supreme Council's first reading, and a crossbreeding the Russia's citizenship law norms, not all of which are absurd, but could be useful in Latvian legislation.

In ending, while I do not have a close friendship with either the LNIM nor "Equal Rights", I am forced to conclude that both of these factions have submitted the most detailed bills. The rest of the factions will not be convinced to vote for the latter's law draft. I am left to conclude that the closest to the long discussed and completed first reading of the Supreme Council citizenship law draft, which has gained acceptance by international experts, is the LNIM version, which should also be used as a basis for further work.

If only for a moment, the Saeima deputies should put aside their attitudes, already formed in the Supreme Council, whereby they are more concerned about drowning their opponents than about Latvian national interests, and then we could gain the possibilities to reach a legally correct, modern citizenship law, one which would guarantee the future of the Latvian people.

Juris Bojars Republic of Latvia Academy of Sciences Member, LDLP Chairman.

Footnotes

16. Constitutions of the Countries of the World. Israel 1988. New York, p. 79.

17. Immigration and Nationality Act. P. 11.

18. Weis, P. Nationality and Statelessness in International Law. Westport 1979, p. 170.

19. League of Nations, Geneva. Nr. C. 224, M.111, 1930, V.P.16.

20. Sverige Rikes Lag. Stockholm. 1982, s. B. 398.

Photo caption: Will the citizens really be unhitched?

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